

attention

FINANCIAL TIMES



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When costs and
ideals collide
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**TOMORROW'S
Weekend FT**
The return
of the salmon

World Business Newspaper

FRIDAY FEBRUARY 17 1995

D8523A

Intel unveils chip with twice power of predecessor

Intel has unveiled a new generation of computer chips with more than twice the processing power of its Pentium microprocessors. The P6 promises a leap in personal computer performance which could enable low-cost home and office systems to handle speech recognition, full-motion video conferencing and image processing within two or three years.

Page 21; Hewlett-Packard delights Wall St, Page 24

OECD says inflation at 30-year low: Consumer prices in the leading industrialised countries last year fell to their lowest level since the OECD started keeping inflation records in 1961. Prices in all of the OECD's 25 member countries, except Turkey, rose at an average of 2.4 per cent.

China bans provincial borrowings: China has banned borrowing overseas by provincial governments to restrain growth in the country's foreign debt, which stands at about \$100bn. Page 20

Merrill Lynch wins Israel telecoms race: Israel said US-based investment house Merrill Lynch had won the hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. Page 21

AT&T dropped from \$5bn project: US telephone company Bell Atlantic has dropped telecommunications operator AT&T from a key role on a \$5bn information superhighway project. Page 20

Kleinwort Benson profits down: UK-based investment bank Kleinwort Benson reported pretax profits of \$151.6m in 1994 from continuing operations, down 5 per cent in the face of difficult market conditions. Page 21; Lex, Page 20

Forum on European aerospace: British, French and German ministers and industrialists have set up a forum to discuss the future of the European aerospace industry. Page 20

Japan seeks to help US vehicle imports: Japanese officials may survey 1,600 car dealers on their willingness to sell US vehicles in an attempt to break the stalemate over vehicle imports. Page 6

EU questions Turkish human rights: The European Parliament threw further doubt on plans to grant Turkey access to EU markets saying they would not approve a deal unless they heard reports of progress in the human rights area.

N Korea rejects US demands: North Korea cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume talks with South Korea. Page 4

No Champagne for YSL: Yves Saint Laurent perfumes will stop selling perfume named "Champagne" by 1998 as part of an agreement to settle a long dispute with France's powerful champagne lobby which wants to restrict the name to wines grown in the French region. Page 22

Rival bids for Indonesian satellite group: Cable & Wireless of the UK, Deutsche Telekom, France Telecom and Nynex of the US are competing to buy into unfused Indonesian satellite communications company Satelindo. Page 26

House votes to cut UN funds: The House of Representatives rebuffed US president Bill Clinton's veto threat and agreed to a measure that would slash US contributions to United Nations peace-keeping operations. Page 5

British PM apologises for football riot: John Major (left), the UK prime minister, apologised to his Irish counterpart John Bruton, for rioting by England football fans in Dublin on Wednesday. Mr Major said the fans "are not the true face of Britain or of British sport". Officials said the prime minister still believed England should host the European football championships in 1996. Page 9

Albright valued at \$725m: Albright & Wilson, the chemicals company being floated out of Tennessee of the US, confirmed a flotation price of \$2.32 a share, valuing it at \$725m. Page 27 and Lex

Japanese deal with Airbus in doubt: A planned deal between Airbus Industrie and Japanese companies to develop a large passenger aircraft now seems unlikely to go ahead. Page 6

Tornado kills five in Alabama: A tornado whipped across northern Alabama, killing at least five people and injuring more than 60, authorities said. High winds tore through the towns of Arab and Jopka, near the Tennessee River.

STOCK MARKET INDICES	
New York Composite	(-10.78)
Dow Jones Ind Av	3,975.41
NYSE Composite	791.88
NASDAQ Composite	(-1.74)
London: FTSE 100	(-26.59)
FTSE 100	2,115.72
FTSE 100	(-12.32)
FTSE 100	3,051.1
FTSE 100	(-2.64)

US CURRENCY RATES	
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100

OTHER RATES	
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100

NORTH SEA OIL (Barrels)	
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100
100 US Dollars	100

D-Mark rises as Mexican financial crisis hits dollar

By Philip Gwynn and Philip Coggan in London

Worries about the Mexican financial crisis and European political problems yesterday drove the D-Mark higher against the dollar, creating market expectations of co-ordinated central bank intervention to support the US currency.

European currencies were also weaker against the D-Mark, with the Italian lira falling to a record low and the French franc touching its lowest level for 15 months. The Bank of Italy intervened to support the lira and the Bank of Portugal was reported to be buying escudos.

Stock markets reacted badly to the news, and failed to benefit from Tuesday's buoyant trading session on Wall Street when the Dow Jones Industrial Average hit a record high. The Dow retreated yesterday, falling 7.4 points to 3,978.77 in early afternoon trading.

The lira's weakness, provoked by worries over the passage of a mini-budget, drove the Milan stock market down by 2.2 per cent, while in London, the FT-SE 100 Index fell 23.8 points, or 0.8 per cent, to close at 3,051.1.

Mexico stocks down again...Page 5
Currencies, Page 31; London stocks, Page 36; World stocks, Page 40

The dollar lost nearly two pence on the day, finishing in London at DM1.4914, its lowest level since the Federal Reserve stepped in to support it last November. It was later trading at DM1.4880 in the New York afternoon. The pound was also weaker against the D-Mark, but gained ground against

the dollar to close in London at \$1.5767. With the dollar just above DM1.4860, where the Fed last intervened, markets believe there is a strong likelihood of intervention over the next few days. Mr Paul Chertkow, head of global currency research at UBS in London, said: "The dollar is on a precipice of a crisis of confidence... We need clear evidence that the US Treasury is concerned about the dollar."

Companies might follow suit. Apparent intervention by the Bank of Mexico to support the peso also led the market to conclude that the Mexican authorities were more concerned about the currency than the country's underlying economic problems. Mr Guillermo Ortiz, the Mexican finance minister, was due to talk to Mr Robert Rubin, US Treasury secretary, yesterday about the terms of a \$20bn credit line for Mexico. Latin American stock markets were

Continued on Page 20

Yeltsin speech signals tougher line in Kremlin

By Chrystia Freeland in Moscow

President Boris Yeltsin yesterday defended Russia's decision to go to war in Chechnya and denounced Nato's plans to expand into eastern Europe.

His state of the nation address, which liberal presidential aides had hoped would mark a return to political and economic reforms, instead highlighted the triumph of a tougher line in the Kremlin.

Looking pale but stronger than in recent public appearances, Mr Yeltsin made no apologies for Russia's 10-week war in break-away Chechnya.

However, his statements drew faint applause from parliamentary deputies, who have given him standing ovations in the past.

He insisted Russia had been too soft on the Chechens for too long and was right to use force to bring them back under Moscow's influence.

"The state can and must use the force of authority to preserve its sovereignty, independence and integrity," Mr Yeltsin said.

He described the separatist government of Chechnya as "a criminal dictatorship", and said Moscow was justified in its use of force to rid Russia of "the Grozny tumour", referring to the Chechen capital.

Mr Yeltsin's tough talk extended to European governments and the US, whom he urged not to go ahead with a planned extension of Nato into eastern Europe.

"This continent has already generated two global military catastrophes, and we do not want Europe and the world to return to old or new division lines," he said.

The hardline message to the west and his own people was delivered by a president more firmly in command of his own faculties than some observers

had feared. Mr Yeltsin, whose stumbling and slurring at a summit meeting last week renewed concerns about his health, yesterday walked confidently to the podium and delivered his hour-long address clearly.

While he took a strong line with domestic rebels and western counterparts, he offered only lukewarm support for economic reforms.

On one hand, Mr Yeltsin, whose government is still trying to secure a \$6.25bn standby loan from the International Monetary Fund, made the appropriate promises to bring down the bud-

get deficit and rein in inflation. But these pledges were partially undermined by his promise to subsidise agriculture and the defence sector, and his call for protectionist measures to defend Russian producers against foreign competition.

The president's speech was a disappointment for liberals, who had hoped he would use his address, which has been postponed several times over the past month, to distance himself from hardliners and renew his commitment to economic and political reforms.

Mr Yeltsin described the "failures, setbacks and mistakes" in the military operation in Chechnya as "a painful blow to patriotic and civic feelings". However, he did not oust any members of the hardline clique responsible for the campaign.

Moreover, he took a shot at the Russian media - a source of outspoken criticism since the beginning of the Chechen war - insisting that "freedom of the press cannot be transformed into freedom from responsibility".

On the political front, the only source of solace for Russian liberals and those western governments which have been supportive of Mr Yeltsin was his promise to hold scheduled parliamentary elections at the end of this year and a presidential ballot in 1996.

US justice department appeals on Microsoft

By George Graham in Washington

The US Justice Department appealed yesterday against a judge's rejection of its proposed settlement of antitrust charges against Microsoft, the world's largest computer software group.

It said the judge had exceeded his authority.

Ms Janet Reno, the attorney general, said Judge Stanley Sporkin's refusal to approve the consent decree negotiated with Microsoft would damage the Justice Department's efforts to enforce antitrust laws. It would deter other companies from negotiating a consent decree for fear of opening themselves up to questioning on a wide range of unrelated issues.

The proposed settlement would have forced Microsoft to change the terms of software licensing agreements with personal computer makers for use of its MS-Dos and Windows PC operating system programs.

Judge Sporkin rejected the Microsoft decree on Tuesday, arguing that it would fail to "effectively pry open to

Lira falls sharply as Dini budget faces opposition

By Robert Graham in Rome

Wavering political support in Italy for a tough mini-budget being prepared by Mr Lamberto Dini's government caused a sharp fall in the lira, which fell to an historic low against the D-Mark yesterday.

Financial analysts said the main reason for the fall to L1,074, compared with L1,068 the previous day, was market fears that Italy would hold an early general election without correcting the country's deteriorating public finances.

The one-month-old government, composed entirely of non-parliamentarians, is seeking to find an extra L20,000bn (\$12.4bn) to cover shortfalls in the 1995 budget. Mr Dini, the prime minister, a former director-general of the Bank of Italy, has made clear that taxes will have to rise.

There will almost certainly be increases in the rate of value-added tax on certain items. Income tax may also be affected.

Mr Dini explained the need for sacrifices in seeking a parliamentary vote of confidence for his administration last month. His government survived the vote in the chamber of deputies thanks to the abstention of most of the

partners in the former rightwing coalition headed by Mr Silvio Berlusconi, the former prime minister.

But, as details of the budget have leaked out over the past week, Mr Berlusconi's Forza Italia movement in particular has shown increasing hostility to tax increases. That has been accompanied with obstruction in parliament intended to undermine Mr Berlusconi's view that elections must be held by June.

Yesterday, Mr Dini received a delegation from Forza Italia to discuss the budget. Afterwards, Forza Italia said there had to be "complete consistency" with the previous government's budgetary policies, implying that the two sides were far apart.

The party of the Democratic Left (PDS) - the most powerful party on the left and a supporter of Mr Dini's appointment - has also begun to worry about its reputation in endorsing an austerity budget.

Against such uncertainty, the PDS and its allies among the centre parties last night called on the government to announce details of the budget measures as soon as possible. But that is unlikely to happen before the middle of next week.

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NEWS: EUROPE

Pressure in France to curb power at EU centre

By David Buchanan in Paris

The European Union should adopt "wide-ranging" institutional reforms at next year's constitutional conference. The aim should be to give national governments and parliaments a greater say in making decisions of the Union, whose overall competences should not be increased any further.

This is the thrust of a report, published yesterday, by the French National Assembly's 36-strong EU affairs committee. It does not bind France, whose president and government will change soon, but it constitutes the country's opening bid in the 1996 conference.

Approved with a single Socialist abstention, the report reflects predominant sentiment within the conservative parliamentary majority and government, whose leader, Mr. Edouard Balladur, is favourite to win the presidency in May.

The priority which the report gives to "preserving the inter-governmental character" of EU foreign and security policy, and the complicated negotiating process for the Council of Ministers, partly to boost that body's control over the Commission, contrast sharply with last September's call by Germany's governing Christian Democrats for an overtly federal approach, including the evolution of the Commission into "an embryo European government".

To the relief of the UK's Conservative government, the report says it is "not desirable to extend Union competences" beyond what was negotiated at Maastricht in 1992.

At the same, it echoes the German call for some states to be allowed to opt out of the rest, particularly in monetary and defence co-operation, but with a very different institutional set-up to that envisaged east of the Rhine. The French parliamentary report proposes that "the European Council", composed of governments heads, should meet in three different formations.

All leaders of all EU states would meet to discuss common policies like the single market or external trade, but a European Monetary Council would be restricted to states participating in monetary union, and a European Security Council similarly confined to those involved in closer military co-operation.

The presidents of these last two councils would act as vice-presidents of the larger European Council, thereby effectively reinforcing the position of countries like France which count on taking part in every available EU policy.

The aim of this is to boost the "inter-governmental" role of the Council, even in the area of economic and monetary union which was designed at Maastricht on the basis of standard Union procedures like majority voting.

The report also suggests demanding that the Commission, legally accountable at present only to the European Parliament, should make an annual report of its activities to the Council. In addition, it should be required to come up with proposals at the Council's bidding and have its power to issue certain anti-monopoly directives curbed, particularly in the energy and transport fields.

As for their own influence, French MPs want to increase that by creating "an inter-parliamentary committee", composed of representatives from national legislatures. This body would advise on, but not amend, draft EU laws.

Brussels called on to investigate system alleged to breach competition law

French banking practices attacked

By Andrew Jack in Paris

Banks are stepping up pressure on the European Commission to examine a series of French banking practices which they claim breach competition policy.

The Banking Association of the European Union, which represents the 2,500 commercial banks across Europe, has written to the competition directorate in Brussels calling for an official investigation into the system by which only certain French banks can sell some special tax-exempt savings products.

Its action follows similar lobbying from the Association of French Banks, representing the commercial banks in France, which have in turn been engaging in an increasingly public dispute over the last few months with savings and mutual banks which are the only institutions allowed to sell these products.

The argument centres around regulation of the so-called "Livret A" and the less common "Livret bleu" accounts, which are tax-free savings products. The deposits are channelled for use in French government construction of low-income housing.

Individuals can deposit up to FF100,000 (\$19,000) withdrawable on demand into "Livret A" accounts, which currently pay 4.5 per cent interest tax-free. Under existing French legislation, they can only be offered by savings or postal banks.

Separately, only French co-operative banks can offer "Livret bleu" accounts, which are similar in form but in which the institution pays the tax charge on one-third of the value of the sum deposited.

The potential profits at stake are substantial, with current deposits in Livret A accounts estimated at FF640bn, and those in Livret bleu accounts standing at FF63bn.

A letter obtained by the FT from the European banking association shows that it believes current practices prevent other banks from offering these services, and give an unfair advantage to the savings banks by allowing them to gain customers and cross-sell other services.

It says the regulations "constitute an obstacle to the smooth functioning of the single market" and asks for their elimination as "distortions which are contrary to the principles underlying the internal market".

Earlier this week the French savings banks argued that broadening the number of institutions able to offer "Livret A" risked jeopardising the funding of low-income housing.

Mr René Barbey, head of the Caisse d'Epargne, said the banks made just 1.3 per cent commission on the collection of the deposits, which only just covered the costs involved.

whole, a solution favoured by Enel management and unions but attacked by some as anti-competitive.

Mr Dini, on the other hand, appears to favour the rapid privatisation of Eni, which controls the Enichem chemicals group, Snam, the gas producer, and Agip, the petrol company. Eni has rarely missed an opportunity in the last six months to show off its improving profitability and financial position.

Writing yesterday in *Il Sole 24 Ore*, the business daily, Professor Francesco Giavazzi, a senior treasury adviser on privatisation until last year, pointed out that, unlike the telecoms and energy utilities, Eni did not require a complex regulatory structure. Therefore, its sale could not be delayed by parliamentary squabbles.

He also suggested that the best way to reassure financial markets of the government's firmness was to make an "irreversible commitment" to the sale - for example, by declaring to the US Securities and Exchange Commission that Eni shares would be placed in New York.

As Prof Giavazzi puts it in his article: "In the current climate of puzzlement and growing scepticism, the privatisation calendar and begin immediately with Eni, is the right move to regain the confidence of the markets."

Prof Cio, meanwhile, has been pushing for the rapid sale of Enel. He is also looking to revise the original privatisation plan, a delicate political compromise that envisaged splitting the electricity generation activities from transmission and distribution, and selling some of the production capacity within three years of flotation. The new industry minister believes Enel should be privatised

accept his sincerity, had denied him the pleasure of an evening at the theatre.

"Even though perfect foresight is not particularly characteristic of public opinion," he said, "one should still have been able to detect in the policy of perestroika seeds of the forthcoming epochal changes. On that particular day I fully deserved my ticket to the London theatre. So public opinion does owe me a debt."

Mr Shevardnadze claimed that western political strategists failed even more profoundly to understand the consequences that would flow from the dissolution of the bipolar world. The end of the cold war, an event "equal in scope and significance to the end of World War II", had not been met with a comparable strategic response. "All of this

sounds abstract," said Mr Shevardnadze, "until you have seen it with your own eyes."

He said he had himself seen "a year-old baby who had been killed alive" among other "horrors and nightmares of an enraged aggressive separatism no less ghastly than the brutalities of Hitler".

"Before your very eyes," he went on, "both big and small-time latter-century Fabians shamelessly and blatantly exploit the idea of national independence in their own interest, committing ethnic cleansing and forced deportations... How then can liberals and democrats yet bow to it?"

The liberals and democrats gathered in Chatham House applauded warmly. They did not answer Mr Shevardnadze's rhetorical question.

Ukraine expects to conclude a \$1.5bn stand-by agreement with the International Monetary Fund within a week, government and western officials said. Ukraine, whose real GDP shrank 40 per cent last year, needs the stand-by agreement to release other western aid.

Mr Roman Shepek, economics minister, said Ukraine had put together a budget that met the deficit target of 5 per cent of GDP. Since the country lacks credibility to cover the shortfall by treasury bills, the IMF has agreed the deficit will be covered by monetary emissions of 4 per cent of GDP this year. Under the IMF timetable, inflation will fall from over 40 per cent this month to 5 per cent by late spring and to 1 per cent by year's end, according to Mr Shepek. *Matthew Kaminski, Kiev*

MEPs move on Slovak N-plant

The European Parliament yesterday passed a resolution calling on west European leaders to freeze funding for Slovakia's Mochovce nuclear power station until safety questions are answered. Funding to complete the partly built plant, from bodies such as the European Bank for Reconstruction and Development (EBRD), should be blocked "until the safety issues have been satisfactorily resolved", MEPs said. They questioned whether the funds earmarked for the plant, near the Austrian border, would be sufficient to meet western safety standards. They said the EBRD should release full details of economic, environmental and safety studies relating to the project. Austrian Chancellor Franz Vranitzky said yesterday that his country would step up its diplomatic efforts against the plant which Vienna believes will never reach western safety standards and is not the cheapest solution for Slovakia's energy problems. *Eric Frey, Vienna, and Reuters*

ECONOMIC WATCH

Netherlands retail sales weak

Dutch retail sales edged lower a real 0.3 per cent last year but were up 0.7 per cent in nominal terms from a year ago, continuing a four-year trend of weak or negative growth, the government said yesterday. However, the final quarter saw the trend improving slightly with nominal sales rising 1.1 per cent and price-adjusted sales up a narrow 0.3 per cent year-on-year. Central Bureau for Statistics data also showed nominal sales in December rising 2 per cent from a year earlier. That gain was due in part to 0.5 per cent higher prices, but cent from a year earlier. *AP/DJ, Amsterdam*

West German gross domestic product rose nearly 1 per cent in the fourth quarter of 1994 over the previous quarter, the Bundesbank said. It put the rise for the whole year at 2.5 per cent, slightly more than the 2.3 per cent estimated by the federal statistics office.

Producer prices of French semi-finished goods rose by a seasonally adjusted 2.7 per cent in the fourth quarter from the increase since 1990, was mainly caused by increases in world commodity prices.

Denmark's state budget deficit for 1994 was DKr4.81bn lower than originally forecast, the finance ministry said. The 1993 deficit was DKr4.81bn; this year's is estimated at DKr4.0bn.

State of the alliance

is to expand without threatening reform in Russia

should be built to increase Nato's ability to defend central Europe; whether forces should be moved further east; and whether, for example, German soldiers could be based on Polish soil given the bitter legacy of the second world war.

"That report will probably be debated at the Nato defence ministers' summit in Williamsburg in the autumn. The US as a strong advocate of enlargement, will try hard to persuade those who have been more cautious, including the German foreign ministry and the British, that the time has come to move. The early signs are that they will succeed."

To soothe Russian fears, there is likely to be a parallel series of talks over how the relationship between Nato and Russia can be improved. Nato membership for Russia has been ruled out, but a formal treaty to cement a positive relationship is being consid-

ered. "A treaty could be useful," said one senior US Nato general recently. "But it does depend on what type of treaty. It could simply be a meaningless piece of paper which sits in a drawer or it could really help lower tensions. We will have to consider carefully whether we can design something which would work."

Between the group of potential Nato members - Poland, the Czech Republic, Slovakia and Hungary - and Russia, there is another band of countries which are currently out in the cold. The Baltic states and Ukraine lie uneasily in no-man's land and Mr Rifkind, for one, believes that a third track of negotiations is needed to give them more security short of Nato membership.

Not all those vying for Nato membership are likely to join at the same time. The Czech Republic is seen as having made the most progress in

reforming its structure and doctrine, while US public opinion may well require Poland to be among the first entrants. Both, however, will need to overhaul their command and communications systems and catch up with the armed forces under genuine civilian control. Nato can work with countries which use Russian tanks and aircraft, but it needs to be able to communicate with them effectively and it can hardly afford to recruit a new member which undergoes a military coup in fairly short order.

Such reforms will be difficult, and the progress of change in Russia will be watched carefully by nervous Nato ministers. Yet if the current emerging consensus holds, Nato may get its first new members some time between 1999 and the turn of the century, and British troops may end up stationed in southern Bohemia for good.

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Kohl offers deal on coal and N-policy

By Judy Dempsey in Berlin

Mr Helmut Kohl, the German chancellor, has offered the opposition Social Democrats a deal to solve the impasse over the country's energy policy which seems set to place the SPD in a dilemma.

Mr Kohl will agree to subsidise the country's uncompetitive coal industry until the end of the century provided the opposition Social Democrats accept an energy policy embracing a commitment to nuclear power, government and SPD officials confirmed yesterday.

Mr Kohl "is very anxious to get agreement on a long-term energy strategy", a spokesman for his office said. But a spokeswoman for the SPD said: "This is not on, we won't accept this."

The politically astute trade-off by Mr Kohl is likely to highlight divisions within the SPD about its attitude towards nuclear energy. In 1986, the party committed itself to phasing out nuclear power stations within 10 years if it was returned to power. It also places the SPD in a politically sensitive corner. It cannot afford to completely reject the proposal: it faces re-election next May in the state of North-Rhine/Westphalia, one of the main mining regions.

The trade-off follows the collapse of talks in Mr Kohl's

coalition government earlier this week on a replacement for the *Kohlepfennig*, or coal penny, which must end this year after the country's highest court last December deemed the levy unconstitutional.

The *Kohlepfennig* is an 8.5 per cent levy imposed on industrial and domestic electricity consumers to subsidise German coal production. The annual DM7.5bn (\$4.9bn) raised by this surcharge is supposed to protect German coal producers. A tonne of imported coal costs DM80, compared with a tonne of German coal which costs DM270.

Mr Kohl's own Christian Democratic Union (CDU) is very much divided on whether to introduce an energy tax or to raise the new financing for coal from the budget. The Christian Social Union, the CDU's Bavarian sister party, and the Free Democrats, the junior coalition partner, are opposed to any energy tax.

Despite the failure of the government talks on the future of coal, the government has agreed to restart new cross-party discussions next month to achieve consensus on energy policy. The aim of these crucial talks is to adopt a long-term energy strategy, based on an "energy mix" for the country's coal, nuclear and gas industry. The CDU, and particularly Mr Kohl, supports nuclear energy.

Bonn wins battle over nuclear waste

By Haig Simonian, Environment Correspondent

When an immovable object meets an unstoppable force, the result is often explosive. Yesterday, however, the conflagration between Mrs Angela Merkel, Germany's redoubtable environment minister, and Ms Monika Grifahn, her fiery opposite number in the state of Lower Saxony, was finally quenched when the state authorities doused the flames.

The flash point was a 116-tonne steel container sitting in a railway siding at the Philippsburg nuclear power station in southern Germany.

Following a change in nuclear legislation last year, the contents - spent uranium fuel rods - no longer have to be sent for reprocessing abroad, but can be stored permanently in Germany instead. Storage has gained appeal - because low uranium prices have upset the economics of reprocessing - despite concerns over proliferation and the environment.

Germany's electricity generators lobbied to be given the right to store their waste. Within a short time of the legal change being passed, two utilities cancelled reprocessing contracts with British Nuclear Fuels to take advantage of the new rules. But while the legislation may have been altered, matters on the ground have not. The Philippsburg container should have been the first of many to travel from a nuclear power plant to the long-term storage facility at Gorleben in Lower Saxony.

Although a court temporarily blocked a planned transfer last November, it ruled in January that it could go ahead. The container, however, has remained immobile.

Gorleben houses two separate units. The first, a medium-term storage facility, is owned and operated by the electricity utilities. This is running, but remains empty pending the first waste shipments.

A stone's throw away is a windswept building site run by the federal government where two 11 metre-wide shafts are being blasted into the salt deposits below. The complex, eight years behind schedule, will be Germany's first permanent storage site for high-level nuclear waste.

Eventually, it will house all residues not sent abroad for reprocessing, along with German waste from foreign reprocessing plants which the utilities are contractually bound to take back once Gorleben is ready.

However, the Lower Saxony government has done its utmost to prevent the waste

ever arriving. The Social Democratic state government, like the SPD nationally, wants to close Germany's atomic facilities. The Christian Democratic federal government, by contrast, supports Gorleben and the broader nuclear programme. Hence the Philippsburg container has become a proxy for a wider dispute.

In recent months, the Lower Saxony government, led by Ms Grifahn, a former member of Greenpeace's international board, exploited a textbook-full of legal loopholes to delay the shipment. Tactics varied from blocking transport authorisation to questioning the integrity of the specially-built container.

The legal moves were reinforced by big demonstrations. After being overrun in 1983, the storage site is now sealed off like a military facility.

Although Lower Saxony has relatively few nuclear power plants, its abundant underground salt formations - which are impervious to water and therefore ideal for long-term storage - has made it Germany's leading nuclear waste area.

Storage or test facilities exist at two other locations. And at Morsleben, just across the river Elbe in the former East Germany, the federal government is using the ex-communist regime's long-term nuclear storage site as an interim waste dump.

Mr Gerhard Schröder, Lower Saxony's premier, feared it was becoming Germany's "nuclear toilet", and argued that other states, such as pro-nuclear Bavaria, should share the burden.

However, that is unpopular, even in Bavaria. Last week, Mrs Merkel floated the idea of creating a second storage facility in the south, but received a frosty reception from the relatively pro-nuclear state governments in both Baden-Württemberg and Bavaria.

"The dispute over the container has turned us into an international laughing stock", says a frustrated Mrs Merkel.

On Tuesday, she stepped up the pressure by threatening legal action against Ms Grifahn if Lower Saxony did not lift its obstacles to the shipment. Constitutional experts say the dispute touches on the wider issue of responsibilities between federal and state administrations.

Yesterday, the state bowed to the pressure and said it would no longer oppose the shipment.

According to an official from the Lower Saxony environment ministry, the state realised its legal tactics had been exhausted.

Portugal's ruling party seeks a winner

The Social Democrat leadership race may deepen splits and hasten an election, writes Peter Wise



Contenders: foreign minister José Manuel Durão Barroso and defence minister Fernando Nogueira

Portugal's ruling Social Democrats (PSD) begin a potentially divisive congress today to elect a successor to Mr Aníbal Cavaco Silva, whose decision to withdraw after a decade as party leader and prime minister has undermined their prospects of remaining in power.

President Mário Soares, a Socialist, may resolve to bring forward a general election due in October if a damaging split in the centre-right party ensues from what is expected to be a closely-fought battle for the leadership between Mr Fernando Nogueira, the defence minister, and Mr José Manuel Durão Barroso, the foreign minister.

The new leader, to be chosen by a secret ballot of 1,500 delegates on Sunday, will take over a party suffering a steady decline in popularity. This is a result of both recession and a worsening reputation - after 15 years in government - for manipulating the public administration and bestowing patronage.

A recent poll suggests that either Mr Nogueira, 44, or Mr Durão Barroso, 38, could lead the PSD to victory over the Socialists, who lack credibility after 10 years in opposition, despite a lead in several opinion

surveys. But neither PSD contender can aspire to the authority or popular appeal of Mr Cavaco Silva, whose leadership won the party two overwhelming majorities in 1987 and 1991.

Mr Cavaco Silva, 55, who will

remain prime minister but not party leader until the general election, is ostensibly stepping down to make way for a younger generation. But his underlying strategy appears to be to distance himself from his increasingly discredited party

before its suffers at the ballot box. This would enable him to enter the race to succeed Mr Soares as president in 1996 with his stature relatively intact. He refuses to be drawn on a possible presidential can-

didacy. But both Mr Nogueira and Mr Durão Barroso say they will urge him to stand.

"The prime minister is abandoning the ship before a storm. But he clearly plans to re-emerge as a presidential candidate when the weather clears," said a Socialist deputy. Mr Cavaco Silva prefers to portray himself as a tired statesman bowing out with dignity to resume an academic career and devote more time to his family.

He bequeaths his successor the formidable tasks of maintaining the fragile unity of the PSD and convincing voters to give the party a workable majority in parliament. The PSD, whose support ranges from the social-democratic left to the conservative right, has in the past proved notoriously prone to internal disputes when lacking the steady hand of a strong leader.

Mr Nogueira most strongly represents continuity of Mr Cavaco Silva's policies and is banking on support from the party bureaucracy and provincial members wary of radical change. Mr Durão Barroso, whose opponents will not let him forget his youth as a zealous Maoist, is more popular among urban delegates prepared to risk more audacious

modernisation policies.

Potential divisions within the PSD and a threatened loss of authority for Mr Cavaco Silva's government - following the inevitable elevation of one of his most important ministers to the party leadership after inflicting defeat on another - will chiefly determine whether Mr Soares calls a snap election. He is also listening to some business leaders who say economic confidence would be better served by an early vote.

Wherever the election is held, it will probably produce a minority government. Both main parties are appealing for a single-party majority to ensure effective government and both vow not to negotiate coalitions. Business fears a weak government would make long-term planning and structural reforms difficult.

But polls indicate that the majority governments of the past decade, always difficult to achieve under Portugal's proportional voting system, are unlikely to return over the medium term. That would please Mr Soares, if few others. "The negotiation and compromise required of a minority government promotes healthier democracy," he said. It is a preference party leaders may reluctantly have to acquire.



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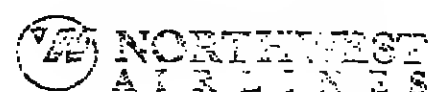
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ASIA-PACIFIC NEWS DIGEST

Taliban threat to UN peace bid

Mounting tension between the Afghan Taliban Islamic fundamentalist movement and government forces outside the capital Kabul is causing increased concern that a UN plan to transfer power this weekend from President Burhanuddin Rabbani to an interim authority may be under threat.

According to reports from Kabul, talks were continuing over the Taliban's demand that government forces withdraw from positions on the outskirts of the city. Mr Mahmood Mestiri, UN head of mission in Afghanistan who put together the plan, was optimistic that peace would hold. "We will try to stop the bloodshed. We will try to maintain a ceasefire," he said. "They [the Taliban and government factions] are in fact negotiating," he said. Mr Mestiri said the transfer of power may be delayed because some members of the interim council may not be able to reach the Afghan capital in time.

Meanwhile, Pakistan has praised the Taliban group but denied reports that it was helping the group in any way. Mr Najmuddin Sbeikh, Pakistan's foreign secretary said: "They are recognised as an indigenous nationalist movement" and their success in capturing different areas in the past few months had come because of the Afghan people's frustration with prolonged fighting in the country, rather than outside help. Farhan Bokhari, Islamabad

Japan's money supply rises

Fears that Japan's gentle economic recovery might be harmed by a shortage of credit were diminished yesterday, by the sharpest monthly rise in money supply for three and a half years. Japan's main measure of money supply, M2 plus certificates of deposit, was 3.1 per cent higher last month from the previous January, the Bank of Japan announced. That represents an slight acceleration from the 2.9 per cent revised growth achieved in December.

Money supply expansion is expected to hold steady, at about 3 per cent in the three months to March, said a central bank official. A broader measure of liquidity, also including post office savings, bank debentures and deposits at agricultural cooperatives, rose by an annualised 3.6 per cent in January. William Dawkins, Tokyo

Philippines' trade gap widens

The Philippines' trade deficit widened in 1994 to \$7.8bn, an increase of 28.4 per cent over the 1993 trade gap, the National Statistics Office in Manila said yesterday. The bulk of the country's imports, which grew by 30.7 per cent to \$21.3bn last year, were made up of capital goods rather than consumer products, reflecting the country's growing industrial base. Exports in 1994 grew by 18.1 per cent to \$13.43bn, rising sharply in December by 30.1 per cent against the same month in 1993. The Philippines again posted a current account deficit with Japan, which was \$366m in 1994, while maintaining the country's healthy trade surplus with the US last year (\$159.5m). Edward Luce, Manila

Jakarta's \$2.2bn transport plan

Jakarta is to construct a \$1.4bn underground transport system and an \$800m above-ground light railway system in an effort to relieve pressures on the city's increasingly congested traffic and public transport. Tenders for the underground system will be put out soon so that construction can start next year. The construction of the light railway system will be managed by Citra Lantoro Gung Persada, controlled by President Suharto's eldest daughter. The projects will link southern and central suburbs with the centre. Manuela Saragosa, Jakarta

N Korean nuclear pact in fresh trouble

By John Burton in Seoul and Peter Montagnon in London

North Korea yesterday cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume political dialogue with South Korea.

Pyeongongyang threatened on Wednesday to scrap the accord if it was forced to accept South Korean nuclear reactors.

North Korea's official news agency said recent statements by US officials linking the question of inter-Korean dialogue to the nuclear agreement has raised "doubts if the US is really willing to translate the North Korean-US agreement into action".

North Korea promised during the negotiations on the

nuclear agreement last October that it would resume suspended talks with South Korea at an unspecified time as part of the deal.

However, North Korea is demanding that South Korea first apologise for its refusal to send condolences on the death of President Kim Il-sung last year.

It also wants Seoul to repeal the national security law, which bans informal contacts with North Korea.

In Washington, US officials say they believe this week's outspoken comments from Pyongyang are designed to improve North Korea's negotiating position ahead of the resumption of talks on the agreement in mid-March. North Korea has never said

it will no longer negotiate, but the scope of the package remains undecided and Pyongyang may want to include infrastructure connecting the nuclear generators to its grid, one official said.

Nevertheless, some analysts believe it has raised fundamental objections.

"It's going to be awfully hard to back away from the demand for an apology," said Mr Bill Taylor of the Centre for Strategic International Studies. The accord was "a beautiful concept which has run into a large variety of ugly facts," he said.

The commentary by the official Korean Central News Agency said: "Our consistent position is that dialogue can be resumed as soon as an appropriate atmosphere for dialogue is established."

In Seoul, Mr Kim Deok, the South Korean deputy prime minister for national unification, said yesterday it was unreasonable for North Korea to refuse to accept new nuclear reactors from Seoul.

"The South Korean model of light-water reactor is obviously the most suitable one for any nuclear power plant to be built on the Korean peninsula, since it was designed to fit the conditions and circumstances prevailing in Korea," Mr Kim told a parliamentary committee.

Mr Kim did not specify the unique national features of the Korean reactors, which are based on licensed technology from Combustion Engineering of the US.

He said selection of the South Korean reactors was desirable not only for safety reasons, but also because it would be in the common interest of both North and South Korea since it would lead to an united energy grid.

The proposed reactors are the future standard model for South Korea, which now relies on four different types of reactor model from the US, France and Canada. The first two standard reactors are now under construction at the country's Ulsan nuclear complex.

North Korea has raised safety questions about the new reactors, but Mr Kim said: "Pyongyang's refusal to accept a South Korean model is not at all persuasive, and can only serve to stand in the way of implementing the US-North Korean agreed framework."

Birthday celebrations may signal reclusive Kim's coming to power

By John Burton in Seoul

North Korea yesterday began a two-day celebration of Mr Kim Jong-il's 53rd birthday in what is believed to be a prelude to his formal accession to power in the spring.

Mr Kim lived up to his reputation for reclusiveness by failing to make a public appearance, which was officially described as reflecting his "unbounded modesty".

However, this has not stopped Pyongyang from proclaiming the birthday celebrations as "the greatest holiday of the nation", a title that was formally reserved for the April 15 birthday of his father, the late President Kim Il-sung.

Mr Kim's avoidance of the limelight since the death of his father last July has fed speculation that he was in ill-health, which was delaying his formal takeover of the two key posts of national president and secretary-general of the ruling Korean Workers' party.

In the past six weeks, however, Mr Kim has made four public appearances, seemingly in better health than last summer when he looked emaciated and appeared to suffer from a

partial facial paralysis.

Although these recent appearances have laid to rest speculation about poor health, they raised new questions about whether Mr Kim is engaged in a political struggle with hardline army generals since all the appearances were linked to military events.

Statements this week by Pyongyang threatening to scrap the nuclear agreement with the US have increased concern that the army leadership is gaining influence. The military expressed opposition to the deal last autumn.

Government officials in Seoul, however, believe that North Korea is engaged in routine diplomatic brinkmanship to gain new concessions, with Mr Kim appearing to be firmly in control as reflected in the smooth implementation of the nuclear accord so far.

Mr Kim Deok, the South Korean deputy prime minister for national unification, recently said that the reason for the delay in Mr Kim's official takeover is that he wants to use the extended period of "mourning" for his father to increase public acceptance of his succession.

A rapid assumption of power would harm his image as a loyal son to the late president, which is his main source of legitimacy among North Koreans, who are still deeply influenced by Confucian traditions. Other analysts believe that Mr Kim is also exploiting the delay to consolidate his control over the government and the military.

One indication that Mr Kim may take power in late April is the staging at that time of an "international sports and culture festival" in Pyongyang, to which 10,000 foreign guests have been invited.

The event may also coincide with his father's embalmed body being brought to its final resting place in Pyongyang, which would end the mourning period.

However, South Korean hopes that Mr Kim's formal assumption of power will lead to a resumption of inter-Korean political dialogue may prove futile.

Pyongyang appears intent on ignoring Seoul for its refusal to offer condolences on the death of Mr Kim Il-sung, which North Korea regarded as a deep insult.



Kim Jong-il pictured last year. "Unbounded modesty" kept him from yesterday's celebrations

World Bank set to pump \$700m into Indian banks

By Alexander Nicoll in New Delhi

The World Bank is poised to make its biggest loan to India, \$700m, to help reform the country's financial system.

The financing, which has taken three years to negotiate, is to go before the Bank's board for approval in the next few weeks. It contains an innovative backstop facility intended to encourage foreign currency lending to Indian exporters.

The package was conceived as balance of payments support during India's financial crisis of 1991, but became more closely targeted as the rise in currency reserves rendered such support unnecessary, and as banking deregulation got under way.

"The loan recognises that reform has taken place and supports the further restructuring and upgrading of banks as well as the deepening of the financial sector," said an official closely involved in the negotiations.

Nationalised banks have begun to show signs of recovery after writing off or providing for many doubtful loans made in pre-reform days, while building up capital to comply with international norms. Progressive deregulation of interest rates is bringing a degree of competition between them.

But the return to health is far from industry-wide, and the liberalisation of banking markets still has a long way to go. The cautious pace of reform, particularly of privatisation and of the development of adequate mechanisms for bank supervision, is thought to have slowed the loan negotiations.

The loan is designed to push reform forward in several ways.

Half of it will be channelled directly into the capital base of six state-owned banks as "Tier 2" capital. The banks - Allahabad Bank, Bank of India, Dena Bank, Indian Bank, Indian Overseas Bank and Syndicate Bank - have been selected on the grounds that, following the capital injection, they will be strong enough in time to raise private equity and meet the 8 per cent international capital-

to-assets requirement.

This implies a significant push towards privatisation. So far, only two state banks, State Bank of India and Oriental Bank of Commerce, have sold minority stakes on the stock market. Bank of Baroda, Canara Bank and Punjab National Bank plan to do so in time.

The World Bank loan will place its six recipients firmly in the queue. "It is not intended for them to take the money and then do nothing," an official said.

This is particularly the case as the six banks will also receive \$150m under the World Bank package to support modernisation, including computerisation, staff training, and improvement of management systems. Indian banks are mostly inefficient and grossly over-manned, and lag far behind the rest of the world in computerisation.

However, partly because it fears the political consequences of mass redundancies, the government remains opposed to full privatisation, so no nationalised bank will raise more than 49 per cent in private equity.

The third part of the World Bank package is intended to deepen the foreign exchange market in India, and implies partial relaxation - not yet announced - of restrictions on the use of foreign currency.

The \$900m backstop facility supports Indian banks which will solicit foreign currency deposits and then lend the funds on as term loans in foreign currencies to Indian companies. These will principally be exporters since they will be receiving foreign currency with which they can service their loans.

Indian companies have long demanded greater ability to borrow in foreign currencies - and hence more cheaply than in rupees - to finance expansion which would boost export capacity.

The need for the facility arises because the maturity of deposits banks will take - for example, the parked proceeds of equity issues abroad or of export sales - may not match the periods of the term loans.

Rising profits bolster unions

Gerard Baker predicts a bruising annual wage round in Japan

The annual *danshi macabre* that is Japan's spring wage round began somewhat lamely this week. Normally in February, the labour unions take to the streets to issue demands for substantial wage increases, backed up by threats of strikes.

But this year the massive human and financial costs of last month's Kobe earthquake have softened the tone of the bargaining. The railway unions and several others have publicly abjured the use of industrial disruption as a negotiating weapon.

Yet despite the more civilised tone, the two sides may be headed for a much more bruising showdown this year than in the past. For four years recession has restrained demands on pay and working hours, but now the unions sense that their case has been bolstered by growing evidence of economic recovery.

Employers are equally determined to keep the brakes on pay, citing their continuing need to restructure and reduce costs in an increasingly competitive international environment. The outcome of the *shunto*, as the process is called, will be important, not just for the prospects for industrial harmony, but for the cost structure. The *shunto* sets increases in employees' basic pay for the next year.

The basic figure is only a part of total remuneration, since companies also pay substantial semi-annual bonuses. In summer and winter, to all workers, which can amount to as much as half their annual pay. But the *shunto* itself is an important determinant of the overall direction of wage costs, with companies taking their cue from each other in agreeing similar pay rises.

Between 1990 and 1994, as the economy slid into its deepest recession since the second world war, the labour market experienced an unprecedented squeeze. The official unemployment rate rose from 2 per cent in early 1990 to 3 per cent last autumn, just below its all-time high. The job offers-to-applicants ratio fell from over 1.4 jobs per applicant to less than 0.7 during the same period.

Japan at work: fewer hours



Source: Ministry of Labour, Japan

month, for the third year running the Nikkeiren employers' federation recommended a freeze. The unions, however, are pressing for a flat increase of ¥14,000 per month, an average of about 5 per cent.

It may prove more difficult for the employers to hold the line this year. In the last six months as economic recovery has started to take root, labour market conditions have improved sharply. Unemployment, which had been expected to go on rising long after the recovery in output, seems to have peaked at last November's 3 per cent, and has now fallen to 2.8 per cent.

The job offers-to-applicants ratio also seems to have hit bottom, and most striking of all, in the last few months, total overtime worked ended four years of declines last summer and is now rising at a rate of more than 7 per cent per year. "The improvement in the labour market in the last few months is certain to put some upward pressure on compensation this year," says Mr Dick Beason, senior economist at James Capel Pacific in Tokyo.

At the same time, with the economy in the early stages of recovery, productivity is rising strongly. Manufacturing unit labour costs fell last year for the first time since the recession began, and productivity rose in the second half of the year for the first

time since 1991.

That productivity improvement will contribute to the first increase in corporate profits this year since 1990.

All this strengthens the hands of the unions. Mr Toshio Koyano, economist at the DKB Research Institute in Tokyo, says: "Corporate profits rose by more than 29 per cent in the second quarter of last year and will show a gain for the whole

year - that is certain to be a positive factor for the unions."

But the strong yen, in particular, will force manufacturing exporters to keep their costs low. "Industries that have been weakened by exposure to international competition will have a strong incentive to keep the pressure on wages," says Mr Atsushi Selke, professor of labour economics at Keio University.

Prices will also be a powerful weapon in companies' defences. Though wage growth has slowed markedly in the last few years, so too have price increases.

If wages rise while prices fall, companies will see the productivity gains they have recorded disappear, and margins will come under renewed pressure. Most manufacturers already face falling wholesale prices for their products, and are nervous enough to withstand sharp increases in their largest input cost - labour.

The most likely outcome according to most analysts, is a growing disparity in levels of pay settlements. In the past pay deals have tended to cluster closely around the average figure, but in the future, some sectors are likely to produce higher returns for workers than others. If that happens it would represent yet another breach in the wall of Japan's innately conservative labour practices.

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FINANCIAL TIMES

صندوق الاستثمار

Peso policy dilemma dogs Mexicans

Fears of worse recession fuel debate, writes Leslie Crawford

The weakness of the Mexican peso and early evidence of a dramatic fall in imports are worrying officials at the Bank of Mexico, who fear a deepening recession.

The worries have added urgency to the debate over what exchange rate policy the government should adopt to pull Mexico out of its financial morass.

Central bank officials say the options are restricted by Mexico's low level of international reserves, which barely cover three weeks of imports, and the collapse of investor confidence since the government's bungled devaluation in December. Since then, the Mexican peso has lost a third of its purchasing power, while a \$50bn international rescue package intended to allow Mexico to honour its short-term debts has done little to restore faith in the country's economic management.

"Our low level of reserves, the lack of credibility, means that if we were to fix the peso against the dollar tomorrow, whatever value we chose would probably come under immediate speculative attack," Mr Ariel Buira, one of the central bank's deputy governors, said in an interview.

"If we re-instated the previous regime, and allowed the peso to float within pre-determined trading bands, it would

also be shot down by the market." The option of an Argentine-style currency board, which restricts a country's monetary base to the level of hard currency reserves, has been discarded for various reasons, according to Mr Buira, including the fact that it would be too costly to implement.

He believes Mexico's only option at present is to continue the free-float of the peso, adopted under duress after a run on the central bank's reserves in December.

But the floating regime, at a time of great nervousness in the financial markets, is wreaking havoc in the economy. "If the peso had stabilised within the floating regime, we would be happy," Mr Buira says, "but the current volatility is hindering foreign trade transactions as well as investment decisions." The central bank expects the loss of purchasing power of the Mexican currency to lead to a dramatic contraction of imports this year, compounding the looming recession, while the greater cost of imports will also feed inflation.

Until the import figures for January are published, the evidence of the decline in foreign purchases is anecdotal. Mr Buira says toll road operators in a letter of intent to the International Monetary Fund, forecast a halving of Mexico's current account deficit from \$28bn in



"Marcos is the people" declares a demonstrator's banner at a pro-Zapatista rally in Mexico City this week

1994 to \$14bn this year - provided the peso recovered enough purchasing power to generate modest economic growth. But the government's assumption of a rate of 4.5 pesos to the dollar appears to be out of reach if it continues to allow market forces to determine the rate.

The option of a "dirty float", with selective intervention by the central bank to raise the peso to its desired level, is one increasingly favoured by Mexico's monetary authorities. But the bank does not have the final word on foreign exchange policy, which is the prerogative of the finance ministry.

Mexico's exchange regime options may become clearer once the finance ministry finalises plans for the restructuring of its \$22bn Tesobono debt - the short-term, dollar-denominated treasury bills responsible for Mexico's current liquidity problems. Mr Buira said the government was planning to offer longer-term dollar instruments to the holders of Tesobonos. If accepted, the lengthening maturities on government debt would ease pressure on Mexico's foreign currency reserves and allow for more flexibility in foreign exchange policy.

Having taken the brunt of the blame for the events leading to the botched devaluation in December, the Bank of Mexico is now under fire for refusing to relax monetary policy at a time when most of the country's corporate sector is gasping for credit. But, Mr Buira says, the cost of credit is not under the central bank's control.

"The high interest rates we are witnessing at present are not a function of the central bank's monetary policy, but the perceived risk of investing in Mexico," Mr Buira says. "To follow an expansionary monetary policy at this point in time would be counter-productive. The most important thing the central bank can do is to try to inspire confidence, as only a return of investor confidence in Mexico will lower interest rates."

Mexico stocks down again as US talks start

By Leslie Crawford in Mexico City and Stephen Fidler in London

Mexico's financial troubles continued to weigh on its stock and currency markets yesterday, prompting further sell-offs in other Latin American markets.

The Mexican market was 2.22 per cent down in peso terms at mid-session, while the peso had slipped to 6.075 to the dollar against the Wednesday close of 5.975. In dollar terms, the Mexican market lost 15.7 per cent in the previous three sessions.

The Buenos Aires bourse posted losses of 5.85 per cent at mid-session yesterday after nine consecutive sessions of falls. São Paulo was down 5.56 per cent in late trading.

Mr Guillermo Ortiz, finance minister, was due in Washington yesterday for talks with Mr Robert Rubin, US treasury secretary, on the terms of a \$20bn credit line for Mexico. Mexican officials were hoping for an early completion of the talks but were not optimistic that it could be announced this week.

The US said yesterday it had approved the use of resources from the credit line so that the Mexican government could redeem early up to \$2bn of Tesobonos, short-term dollar-denominated government securities. Mexico said it would detail the redemption later.

However, market sentiment has been worsened by the default by Grupo Sidek, a diversified Mexican holding company, on short-term dollar debt. It chose not to repay \$19.5m (\$12.5m) of commercial

paper which fell due on Wednesday. This raised fears that other Mexican companies with difficulties in rolling over their short-term debts might also opt to default.

"This might be the tip of the iceberg, in the sense that lots of companies are facing short-term liquidity problems," said Mr Geoffrey Dennis of Bear Stearns in New York. "But we don't expect many companies to do what Sidek did. It had the money to meet payments and it chose not to. I don't think many companies will risk taking that path."

It seems to be cheaper now for some Mexican companies to pay contractual penalties than pay the higher interest rates being demanded for new finance, he said.

Analysts stress that not all Mexican companies face the same predicament. Grupo Mexicano de Desarrollo, a large construction firm, on Wednesday made an advance down payment on a Eurobond issue falling due today. Gemex, a Mexican bottling company, also announced that it had successfully rolled over some \$40m of commercial paper.

Mexican companies, however, are paying significantly higher premiums to roll over their short-term obligations. Gemex paid 18½ per cent to renew its commercial paper - before it could acquire international finance at 11 to 12 per cent.

Certain blue-chip stocks - such as Telmex, Grupo Modelo (a beer company) and Cifra (in retailing) - are known to have sufficient cash reserves.

House agrees to slash cash for UN peace role

By George Graham in Washington

The House of Representatives yesterday rebuffed President Bill Clinton's veto threat and agreed to a measure that would slash US contributions to United Nations peace-keeping operations.

The Republican-dominated chamber voted in favour of a requirement that the US deduct from its assessed UN peace-keeping contributions any costs the Defence Department directly incurs in supporting those peace-keeping operations. The Clinton administration says such a step would have entirely wiped out the \$1.5bn (\$963m) US contribution last year.

The measure is part of the National Security Revitalization bill, which incorporates the foreign policy and defence elements of the Republican party's Contract with America election manifesto.

But the bill is giving the Republican leaders some of their most difficult challenges

so far in pushing through an ambitious legislative agenda.

Speaker Newt Gingrich suffered his first major defeat in this Congress on Wednesday night, when 24 rebel Republicans joined almost all the Democratic minority in the House to remove the bill's requirement that the administration deploy "at the earliest practical date" a Star Wars-style defence system against ballistic missiles.

The rebels included Congressman John Kasich, chairman of the House budget committee and a central Republican leader. He is a fiscal hawk who assigns a higher priority to budget deficit reduction than to restoring defence spending. Three other full committee heads also voted against the missile defence clause.

Administration officials argue that there is no significant threat of a ballistic missile attack on the US in the next 10 years. They have concentrated their research and development on systems to defend against shorter-range

missiles in a combat theatre.

Yesterday, too, the Republican leaders won only a narrow approval of another element of the bill to set up a 12-member advisory Revitalization of National Security Commission to assess the adequacy of current US defence policy and funding.

That measure has been hotly contested by Mr William Perry, defence secretary, who argues that it would infringe on his role.

He has also criticised other measures in the bill which would restrict the president in placing US troops under foreign command in any UN operation. "I think it cripples our operational capability with no clear benefit," Mr Perry said this week, noting that US troops had served under the operational control of foreign commanders in World War I, World War II, Desert Storm and Korea.

A final vote on the overall bill was expected late yesterday, but action in the Senate may take longer.

Argentine pension cut advances

The lower house of the Argentine Congress approved late on Wednesday a bill that would help cut the costs of state pensions, writes David Pilling in Buenos Aires.

Passage of the so-called superlaw, which was drafted by economy minister Mr Domingo Cavallo and will be sent to the Senate next month, promises to be an important weapon in his budget balancing armoury. Its prospects in the Senate are good.

Progress with the bill is welcome for the government amid general economic gloom in Argentina. The state pension system loses the equivalent of an estimated \$300m (£192m) a month, according to Baring Securities.

Deputies approved the pensions bill after watching the Buenos Aires market plunge on Wednesday for the ninth consecutive session.

Mr Cavallo had warned Congress that failure to pass the bill, as well as other pending legislation such as labour reform, would have

risks plunging Argentina into recession.

The blue-chip Merval index has shed more than 35 per cent since the Mexican crisis broke in December. Many institutions, struck by liquidity problems, have been forced to sell into a market with little appetite to buy.

The "superlaw" stipulates that the state pension system cannot pay out more than it collects, and limits the power of courts to raise individual pension payments. One deputy, angered by the potential social implications of the bill, called it "a step back 50 years".

Mr Cavallo's room for manoeuvre is limited. Access to borrowing is severely restricted after the recent Mexican devaluation, while hopes to increase tax revenue significantly this year, mainly by more efficient collection, have been dented by prospects of economic slowdown.

Official estimates of growth this year have already been cut from 6.5 to 4.5 per cent, with many economists predicting only 3 per cent.

The Financial Times plans to publish a survey on
Latin American Finance
on Monday, April 3

The survey will look at the region's overall economic and financial prospects, including a country-by-country analysis.

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NEWS: WORLD TRADE

German wagon maker finds going tough in US

By Judy Dempsey in Berlin

Times are tough for Deutsche Waggonbau (DWA), the east German manufacturer of railway cars. Today its board will hold a crucial meeting to decide if it can afford to shed more jobs in order to pave the way for selling the company to Advent, the US-based venture capital group. If there is no agreement, Advent might have more than second thoughts about buying what was once the flagship of east Germany's manufacturing sector.

DWA, one of the few remaining enterprises to be privatised by the BVS, the successor to the Treuhander privatisation agency, has already undergone a massive restructuring programme. Its workforce has been reduced from 24,500 before German

unification in 1990 to 8,000, with further redundancies on the way. Investments of DM250m (\$164m), excluding DM4m credits to find new markets, have been poured into the company, particularly in research and design.

Throughout these five years of restructuring, DWA has sought to win contracts in Germany and further afield, especially the US. And last year, confident it could break into the highly competitive US market, it bid for a \$24m contract for 119 railway cars for the Long Island Railroad company.

The board of the Metropolitan Transportation Authority (MTA), which has the final say in awarding contracts, and which orders more passenger rail cars than any other authority in the US, opted for Kawasaki, the Japanese railcar makers. For

the past 15 years, Kawasaki has been one of the main suppliers to the Long Island Railroad company.

However, the contract was not signed following DWA's decision last December to question the MTA's procurement policy after failing to win the contract.

"We were offering to build the cars at a cheaper price," said Mr Larry Levinson, DWA's lawyer, and a partner at the New York law firm of Herick and Feinstein. "We were prepared to assemble the cars on Long Island and create jobs in this depressed region. We believed our bid was a good one."

Under pressure from DWA, the MTA delayed its decision to award the contract until February 24. In the meantime, the Inspector General's office, which is independent of the

MTA, is investigating DWA's allegations that the east Germans had been unfairly treated.

Mr Henry Flinter, the Inspector General, said last week that he "cannot comment" until his office's findings are complete later this month. However, he said that the original objections raised by the MTA, and by the Long Island Railroad company to DWA's bid - that the east Germans could not make steel cars, that its financial future was questionable, and that DWA simply did not meet the specifications of the Long Island Railroad company, "are those issues which we are looking into."

Mr Levinson and DWA officials contest this view. "We would not have presented a bid if we did not think we were up to it," a DWA official said. But Mr Levinson went further: "I will

tell you what is at issue. It is about monopolies. You have two railcar manufacturers trying to keep every one else out of the market. There is simply not enough competition. That's what DWA wanted to bring."

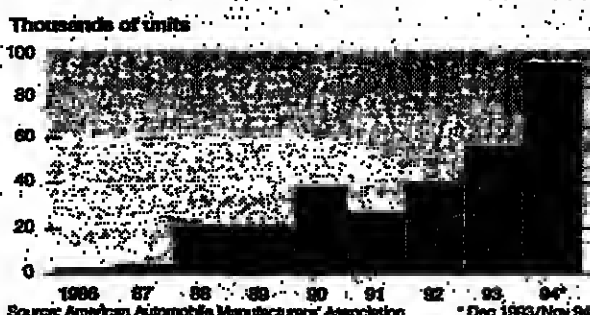
Back in Berlin, DWA officials are gloomy about the prospects of ever winning the Long Island contract, even though they have been told by experts that the profit margins for such a venture might be too low to make the deal worthwhile. Indeed, DWA's divided management are even pessimistic that they can agree to sell further restructuring plans to its workforce so as to clinch the privatisation deal with Advent.

"We thought it was tough back in 1990. But somehow, it just gets even tougher no matter where we go," a DWA official said.

Japanese car dealers under US pressure

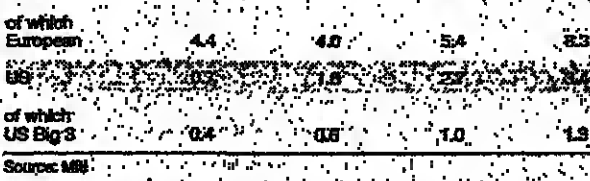
Expect no let-up in market-opening moves, writes Nancy Dunne

US car exports to Japan



Source: American Automobile Manufacturers Association

Share of imported cars in Japanese market (%)



Source: MITI

Japanese officials have come up with a proposal to break the stalemate with the US over vehicle imports. They have suggested conducting a joint survey of 1,600 Japanese car dealers to determine which would co-operate with US car producers in pushing for a larger share of the Japanese market.

This proposal falls far short of American vehicle producers' demands, but could at least jolt the talks out of their current sluggish pace. US officials are anxious for a deal by March 31, a deadline for once not encumbered by a threat of sanctions. The US vehicle and spare parts deficit with Japan is expected to reach an all-time high of \$3.4m (\$25.4m) this year, a rise from \$3.1m in 1994.

While the US Congress does not appear interested in new trade legislation directed at Japan at the moment, a slowdown in US domestic car sales, partly as a result of higher interest rates, could bring loud demands for action.

Hence the pressure on trade officials to come up with something. In the past, the Big Three US car producers - Ford, General Motors and Chrysler - were subject to much ridicule for demanding entry to the Japanese market while failing to produce the right-hand drive vehicles it requires.

An earlier US-Japanese survey of Japan's car dealers found only 1.5 per cent interested in selling US cars. For

one thing, Japanese dealers were worried that Detroit was not committed enough to provide quick support for repairs and replacement parts.

US officials counter that Detroit has spent millions to prove its commitment to the market. Ford Motor Company has set up its own electronics centre near Hiroshima and a technology centre in Tokyo,

has dropped its price and is working hard to build its own distribution system. Chrysler, which moved its Asia sales offices to Tokyo, dropped prices on its Cherokee jeeps and saw sales soar. General Motors established a technology centre in Tokyo and began forging links with Japanese companies.

The Motor Vehicle Manufac-

turers Association says each company has invested the \$20m-\$30m per model needed to re-engineer cars for right-hand drive. Each has four models planned for sale in Japan. However, some of those models, such as GM's Opel, will not do much for the US trade balance: the Opels are being delivered from GM's German plant.

Having made the investments, Detroit has set as its long-range target, 25 to 50 per cent of Japan's vehicle market. It is willing to accept a 10 per cent market share over the next three years. To achieve this, it is seeking access to the showrooms of 1,200 dealerships.

"We are not asking for guaranteed sales," the MVMA said. "But we think if the product is available for people to see, it will sell."

It points to the fact that with the introduction of right-hand drive models, Big Three sales of right-hand drive models climbed by 50 per cent in 1994 to 57,857 vehicles. The target for 1998 is 200,000.

The Japanese industry seems close to reaching the "voluntary" targets it set at \$19m in purchases of US vehicle parts by the end of Japan's 1994 fiscal year in March. However, it is resisting US demands to increase "voluntary" targets to \$40m out of fear that US negotiators will insist that targets

are commitments.

"The US government demands non-market devices and other interference in the marketplace" to assure increased sales of US auto parts to Japanese companies," said the Japan Automobile Manufacturers Association in Washington.

US officials are seeking commitments for more purchases of parts from "traditional" (American) parts suppliers by Japanese transplants in the US. Knowing they are on shaky ground with this demand, US officials have brought a trade action against Japan's after-parts market, which could conceivably be resolved through deregulation.

Jama acknowledges that its regulation is stringent, that deregulation is desirable, but as long as cars and parts made in Japan are subject to the same standards, then it is abiding by international trade rules.

"The auto industry is global with thousands of cross relationships between countries and companies," it noted. "Increasing sales between countries cannot be defined by simple market shares."

All of this may be true, but it is also true that the unwillingness by the US industry and government has begun to open a very closed market - and it is unlikely to ease its demands.

Airbus plan for Japan tie-up fails

By Gerard Baker in Tokyo and Michael Stuphiller in London

A planned tie-up between Airbus Industrie and Japanese companies to develop a very large passenger aircraft now seems unlikely to go ahead, the European consortium has said.

Mr Adam Brown, Airbus vice-president, said in Tokyo that the company had received no response to its approach to two Japanese aerospace manufacturers to participate in the project.

Kawasaki Heavy Industries and Mitsubishi Heavy Industries had both been asked by Airbus to take part in the development and production of the A3XX aircraft. Mr Brown said, but neither had shown interest. The company was now seeking partners among other countries in Asia.

The A3XX is one of several projects aimed at developing an aircraft to succeed the Boeing 747-400, which carries about 400 passengers. The A3XX would carry about 600 passengers on two decks.

Airbus has been conducting a joint study with Boeing into the possible development of the Very Large Commercial Transport (VLCT), which would carry between 600 and 800 passengers.

WORLD TRADE NEWS DIGEST

WTO calls for MFA compliance

Pakistan remains a high-tariff economy despite commendable progress towards trade liberalisation, the World Trade Organisation says in a secretariat report on the country's trade regime. The inward-looking trade policies practised until recently have left Pakistan's economy isolated, protected and heavily dependent on exports of cotton and cotton-based manufactures, accounting for about 60 per cent of goods exports, the report says. This in turn has made Pakistan vulnerable to import restrictions by trading partners, especially in the textiles and clothing sector.

The WTO report calls on industrialised countries to comply with the Uruguay Round agreement to dismantle the Multi-Fibre Arrangement restricting textiles and clothing trade. Better trading conditions would boost Pakistan's exports and encourage further progress towards trade reform and economic liberalisation, the report says.

Even after substantial reductions, import tariffs average 50 per cent and only a third of tariff lines are "bound" under WTO rules which prevent governments from raising duties at will. Pakistan officials told WTO members this week that the government planned to halve the maximum tariff from 70 to 35 per cent by 1996-97 and to increase the proportion of tariff bindings. The list of prohibited goods, already cut from 300 to 70 items, would shrink further with the removal from July of over 60 textile products. Frances Williams, Geneva

BMW plans S Korea venture

German executive car maker BMW is setting up its own distribution company in South Korea. The company, BMW Korea Corporation, will be capitalised at \$120m (\$1.2m) but expects to spend many times this amount over the next few years developing a distribution and sales network. Announcing the plan yesterday, Munich-headquartered BMW said it expected to sell around 1,000 cars in South Korea this year, compared with 200 in 1994. The venture into Korea's new car market is part of a strategy by BMW to establish a foothold in the Asia-Pacific region, expected to be the fastest-growing region for car sales in the next decade. John Griffiths, London

Belleli, the Italian heavy engineering group, has won a \$150m (\$22.93m) contract to construct a tension leg oil-drilling platform for the Shell, Amoco and Exxon oil companies. The 4,000-tonne rig will operate in the Ram-Powell offshoot in the Gulf of Mexico from 1997, at a record depth for US water of 980 metres. Shell Offshore has a 33 per cent share in the project, and Amoco and Exxon 31 per cent each. Belleli has already supplied one tension leg platform for Shell Offshore. The Auger platform operates at a depth of 980 metres in the Gulf of Mexico, and another 20,000-tonne platform, Mars, to operate at 910 metres, is under construction. Andrew Hill, Milan

Mobil Nigeria and Nigerian National Petroleum Corporation (NNPC) have awarded a contract worth about \$65m to ABB Lummus Crest, the lead contractor, JGC, Bouygues Offshore and a joint venture of Spiebatignolles and Fougere for the Oso natural gas liquids recovery project. Mobil has a 51 per cent stake and NNPC 49 per cent. The project will recover 350m barrels of natural gas liquids from the Oso gas stream at the Oso field, 35 miles south of Mobil's Qua-Iboe terminal. Paul Adams, Lagos

British Telecommunications has launched an initiative to sell its integrated trading system to dealing rooms in India. Analysts predict the market for these systems will grow rapidly. Mr Ken Wells, BT's country manager for India, said the country's need would double annually from the present 800 trading positions over the next five years. BT has also set up a joint venture with Bangalore-based Wipro for service support. R.C. Murthy, Bombay

Baltic ports search for new role as gateway to Russia

Matthew Kaminski on efforts to exploit the growing transit trade

Mr Vladimir Volohonsky, executive director of Tallinn Port, shuffles maps and reports outlining expansion plans for Estonia's three-port complex. "When Russia opens up," he says, "we'll need five more."

That's the future. Along the Baltic's eastern shore, old Hanseatic League towns like Tallinn and Riga await the revival of the old trade routes and are vying to be the gateway for lucrative Russian transit trade, which is increasingly reorienting to western Europe. The challenge for the Baltic states, freed from Soviet rule just three years ago, is to overcome political barriers and regional rivalries.

In the far north, Estonia has the upper hand. The small, former Soviet republic has all the region's deepest ports, usually ice-free, near Tallinn, the capital, with its good rail and road links east. Low custom duties make Estonia comparatively efficient and hassle-free for transporters. Munga, the largest port, was built just eight years ago, with an 18-metre draught. It has plans for new dry bulk, container and oil terminals at an estimated cost of \$600m.

By March, Munga's coal berth will be lengthened 75 metres to maintain Estonia's 90 per cent share of the 4.5m tonnes Russia sends through the Baltic countries each year, says Mr Volohonsky.

Overall, transit trade makes up 90 per cent of the three ports' 15m tonnes traffic this year, up from 11m tonnes in 1993.

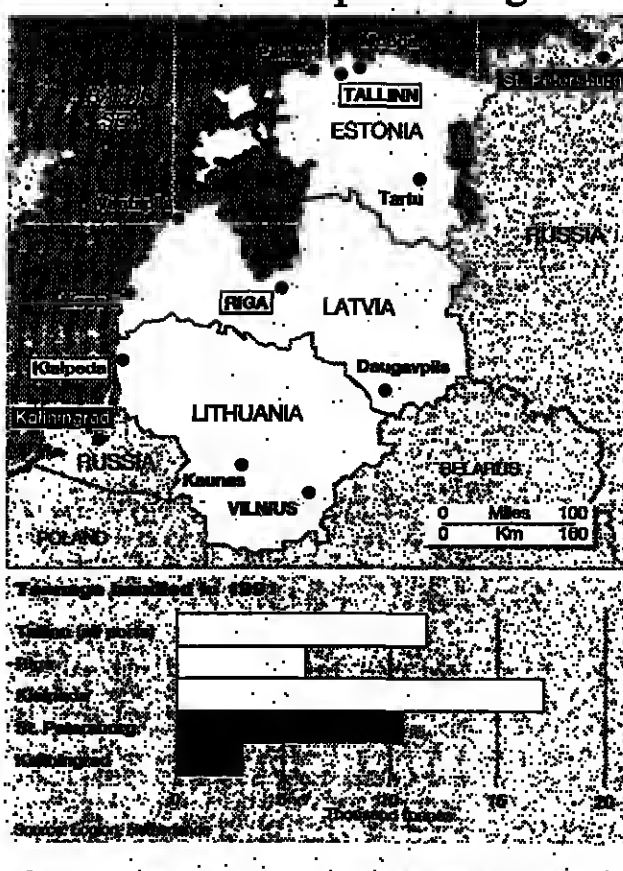
With a EUR209.4m (\$16.9m) profit last year, the Port of Tallinn complex has adapted better than the other Baltic ports to the unpredictable trade movements stemming from the collapse of the Comecon trading bloc.

In Latvia, Riga's port, smaller (with a 10 metre draught) but with better rail links, has seen trade turnover halved to 2.8m tonnes this year. There are no stable canal flows to Tallinn from Riga, only a lot of cheap metal," says Mr Aidis Zieds, a deputy director. He notes that grain and sugar imports, which used to make up 60 per cent of traffic, now account for 7 per cent.

Lithuania's Klaipeda port was hit by the collapse in iron ore and steel trade to east Germany. Although the road from Klaipeda to Vilnius, the Lithuanian capital, is the best in the Baltics, the port is hampered by a shallow 7 metre canal and small berths that have little room for expansion.

Latvia and Lithuania hope to catch up with Estonia's port facilities, and Latvia is particularly well placed. Aside from the good land links, the only oil pipeline from the Siberian steppes to the Baltic ends at Ventspils, the main oil port, which has a 38m tonne annual capacity and a 12.5 metre draught. Russian disputes with Latvia over trade and human rights diverted the oil elsewhere, but a recent agreement looks set to increase traffic through Ventspils, now working at 66 per cent capacity.

The Latvian port of Liepaja is home to the main Soviet Baltic Fleet port outside Russia. A few docks are now leased for timber and non-ferrous metals. A switch to commercial use is also planned at Estonia's Paldiski submarine base.



ment on troop transport into Kaliningrad, the Russian coastal enclave, signed on January 18.

Estonia's and Latvia's simmering border dispute with Russia threatens Baltic efforts towards closer integration with the European Union, which opened talks on association agreements last week. Mr Volohonsky, an ethnic Russian, complains that rail transit tariffs rise every two months, and are double what any other country must pay.

Following the collapse of the former Soviet Union, Russia found itself cut off from big Soviet ports and has tried to promote transit trade through its two remaining Baltic ports, St Petersburg and Kaliningrad. Both have problems.

St Petersburg, a traditional sugar import harbour, is ice-bound almost five months a year and the Morskoy Channel must be regularly dredged. Theft and cumbersome customs procedures lead many transporters to opt instead for Estonia or even the Finnish ports at Kotka and Helsinki, despite higher rail costs, according to a recent report by Logicon, a Dutch consultancy.

The only ice-free Russian port, Kaliningrad, is cut off from Russia by two borders, making land transport difficult. The city port - with only a 7.5 metre draught - has seen traffic fall from 5m tonnes in 1992 to 3.5m tonnes this year, says Ms Natalia Fuzdjakova, assistant general director.

The region's efforts to attract investment through a free trade zone are falling short of expectations and the Baltics are set to capitalise on their natural advantages. But the Logicon report warns success depends greatly on improving political ties with Russia, although compromise over sovereignty questions "may be emotionally very difficult for the three countries who fought for their independence."

A big concern is that expansion plans at Munga unnecessarily undercut the region's other ports. Under Soviet rule, all the Baltic ports were specialised and now, as competitors, they are diversifying to serve the Russian market, where future demand for their services remains uncertain and, for the present, too low.

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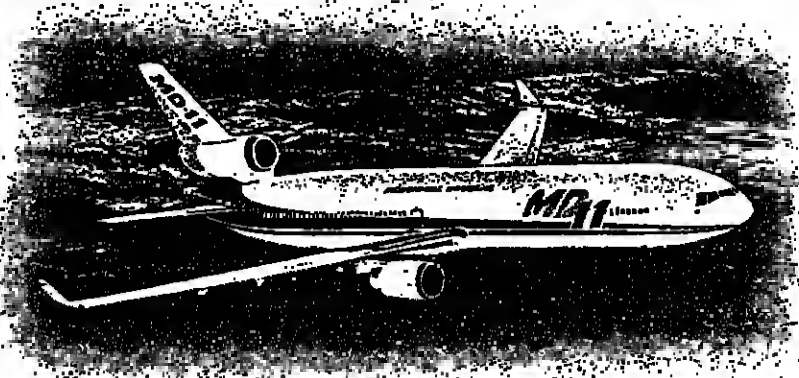
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Israel to ease restrictions on borders

By Julian Ozzane in Jerusalem

Israel yesterday agreed partially to ease the three-week closure of its borders with the Gaza Strip and occupied West Bank and said it would enter into intensive peace talks with Palestinians.

The partial lifting will diffuse tension in Israeli-Palestinian peace talks but falls short of Palestinian demands for a return to open borders and a speedy implementation of the long-delayed peace process.

Mr Yitzhak Rabin, Israeli prime minister, said after meeting Mr Yasser Arafat, the Palestinian leader, that Israel would next week allow 15,000 Palestinians over the age of 30 to enter Israel to work.

Officials said a further easing of the closure might take place in the coming weeks if the Palestinian self-rule authority takes further security measures against extremists responsible for attacks on Israelis.

But Palestinians said the gesture was a minimal concession and underlined the fact that Israel intends to maintain restrictive border policies which prevent tens of thousands of Palestinians from working in Israel and harm Palestinian economic prospects.

Until the latest closure, 60,000 Palestinians were allowed to cross into work in Israel, one half of the peak migrant labour force of 125,000 before the 1991 Gulf War.

In recent months Israel has given permits valid for one year to 59,100 foreign workers, mostly from Romania and Thailand, to fill jobs traditionally done by Palestinians in construction and agriculture.

A further 11,000 permits for foreign workers are in the pipeline, a move which in effect rules out Palestinians returning to the jobs they once held.

To alleviate the economic effects of the closure, Israel and the Palestine Liberation Organisation agreed to ease movement of Palestinian trucks across international



Rabin: offer renewed

crossing points from the self rule areas of Gaza and Jericho to Egypt and Jordan.

Both sides also agreed to speed the construction of industrial parks on the Israeli-Palestinian borders, whose products will be included in Israel-US and Israel-European Union free trade agreements.

But Palestinians said the parks would only provide a solution in the long-term to the unemployment crisis in Gaza and the West Bank.

Nevertheless Mr Ahmed Qurei (Abu Ala'a), Palestinian trade minister, said Israel's promise to intensify peace talks on Palestinian elections and an Israeli troop redeployment in the West Bank had broken the deadlock in the peace process.

Israel also agreed to reactivate a ministerial committee to review procedures for the release of 400 Palestinian prisoners still held by Israel.

But it was clear yesterday Israel is still not ready to move swiftly on redeployment in the West Bank. Instead, Mr Rabin renewed his offer to grant the PLO immediate municipal and economic control of the small West Bank town of Jericho, without an Israeli military withdrawal.

Mr Rabin said Mr Arafat had shown little enthusiasm for the proposal.

British commitment to EU queried after aid row

By Caroline Southey in Brussels

Mr Alain Juppé, the French foreign minister, yesterday called into question Britain's commitment to the European Union after he abruptly ended a two-day ministerial meeting of the EU and African, Caribbean and Pacific countries on multilateral aid.

Britain has become isolated after insisting on a cut in its contribution to the European Development Fund, the EU's largest aid programme, arguing that it wished to concentrate

on its bilateral aid programme. "Belonging to the EU means accepting the multilateral discipline," Mr Juppé said, adding that countries which argued they could not give multilateral aid because of bilateral commitments were calling into question the "very concept of belonging to the EU".

Mr Juppé's outburst followed his failed attempt on Wednesday night to secure commitments from member states for an aid package for ACP countries.

Germany, which earlier had been in

the British camp, joined the Netherlands and Italy in opposing an increase in aid in real terms. Britain is the third largest donor to the fund after Germany and France.

Tensions between France and Britain came to a head yesterday morning after Mr Juppé closed the meeting after just 40 minutes. Observers said Mr Juppé curtly rebuffed a suggestion from Baroness Chalker, UK minister for Overseas Development, that the meeting remain in session to discuss trade issues.

France and the European Commis-

sion argued that trade issues could not be addressed before the aid issue had been settled, although EU officials said Mr Juppé's decision had surprised some member states and angered others.

Lady Chalker said she regretted the meeting had broken up so quickly as there was a lot of important and useful work we could have done on issues like improved market access and rules of origin.

Mr Juppé said the commitments of less than Ecu12bn (£14.8bn) he had secured from member states on

Wednesday were "totally unrepresentative".

He said that France, which holds the EU presidency, and the Commission remained determined to increase the next EDF in real terms to Ecu14.5bn to take into account inflation and contributions from the three new member states - Austria, Sweden and Finland.

The meeting was part of a mid-term review of the Lomé Convention which offers preferential trade terms for ACP countries. The review was due to be completed by the end of the month.

Nigeria investment moves fail to convince the multinationals

Deregulation promises have not halted divestment, writes Paul Adams

While Nigerian government officials are busy trying to sell the virtues of the 1995 budget for foreign investment, some unconvinced multinationals are going ahead with plans to pull out of the country, and the rest are wondering when the newly deregulated foreign exchange system will be allowed to work.

The scrapping of some of the limits on foreign majority ownership and the repeal of the Exchange Control Act have had no effect on plans by Hoechst, the German pharmaceutical group, to sell its 40 per cent stake in Hoechst Nigeria to an offshore holding company controlled by Mr Ernest Shonekan, who was briefly head of state in 1993 and is now an informal adviser on the economy to General Sani Abacha's regime.

Like many manufacturers in Nigeria who exported informally to the neighbouring francophone African countries, Hoechst lost about 30 per cent of its sales early last year when the revaluation of the Nigerian currency and the devaluation of the CFA franc eroded competitiveness.

This follows other divestments by multinationals in pharmaceuticals in the past three years, including Wellcome and ICI. Glaxo has retained its stake in a Nigerian affiliate but changed the name to Evans Medical.

Foreign partnership in Nigeria's car assembly sector is also under strain. For some time the country's three motor car assemblers have survived mainly on orders from government agencies, including the army. Last month Volkswagen Nigeria closed its plant near Lagos assembling Santana cars which had been almost at a standstill for months. In recent years, all three foreign car makers with assembly plants in Nigeria have survived off orders from government agencies, including the army.

The lack of foreign exchange to import completely knocked-down kits and the mass of cheaper imported cars meant that Volkswagen could not compete. The remaining two car vehicle assemblers, Peugeot Automobile Nigeria in Kaduna and Annamco, the Mercedes Benz plant in Enugu, are suffering from the same problems and operating at low levels compared with capacity.

Government regulation of fuel prices and erratic supply from state-owned depots and refineries have also undermined multinationals' profits in the downstream oil sector.

Texaco's 60 per cent stake in Texaco Nigeria, which produces and markets petroleum products, has been for sale since 1993. Engen, the South African energy company formerly part of the Gencor mining group, is close to acquiring

Texaco's 60 per cent share in Texaco Nigeria, according to stockbrokers in Lagos.

The 1995 budget has scrapped the law restricting foreign ownership in almost all sectors of the Nigerian economy except the most important: the oil and gas exploration and production joint ventures in which the parastatal Nigerian National Petroleum Corporation owns 55 per cent and international oil companies the rest.

These joint ventures account for more than 90 per cent of export earnings and government revenue. The government's failure to pay its share of operating costs last year led to arrears of \$1.1bn to its minority partners - Shell, Mobil, Chevron and the other oil companies that are also the operators. The government has rejected the oil companies' proposal to dilute NNPC's equity in the joint ventures.

Until they are assured of payment, the oil companies have scaled down investment and warned that, at present levels, Nigeria will be unable to maintain its production capacity, much less increase it as planned.

Late last year Nigerian output dropped below its Opec quota (2.04m barrels a day, including condensate) and is currently losing \$5,000 bbl as a result of an explosion at a Mobil platform on January 19.

South Korea builds links in Uzbekistan

By John Burton in Seoul

Mr Islam Karimov, the Uzbekistan president, this week paid a second visit to Seoul in three years, underscoring South Korea's growing economic ties with the Central Asian republic.

Uzbekistan accounts for 80 per cent of the \$100m in total South Korean direct investments in the former Soviet Union. It is also South Korea's second largest trading partner among the former Soviet republics after Russia.

South Korean companies regard Uzbekistan as a more stable investment area than Russia, while offering low labour and production costs.

Another main attraction is that Uzbekistan is home to 200,000 ethnic Koreans deported there from the Soviet Far East by Stalin in 1937. The Soviet dictator was concerned about the loyalty of the Koreans in the event of a war with Japan, which then ruled the Korean peninsula.

The emotional ties that Korea has for its overseas diaspora has made Uzbekistan a prime focus of diplomatic activity although bilateral relations are only three years old. In that time, trade between the two countries has grown from \$3.7m in 1992 to \$57m in 1993 and more than \$200m last year.

Mr Karimov is seeking more Korean investment, particularly in electronics, cars and telecommunications, and the joint development of mineral resources. He promised yesterday in a meeting with President Kim Young-sam to conclude a double-taxation treaty and a commercial arbitration agreement to encourage Korean investments.

Daewoo, considered the most aggressive among South Korea's industrial groups in entering emerging markets, is now the largest investor in Uzbekistan with contracts totalling \$750m for 50/50 joint venture projects in cars, electronics and textiles. Mr Kim Woo-chong, Daewoo chairman and founder, paid a visit to Uzbekistan in 1992.

The largest Daewoo project is its planned \$650m investment in a car manufacturing plant at Andijan in Uzbekistan, which will begin operations next year and have an annual production capacity of 300,000 vehicles by 2000.

Daewoo views the car plant as its main export base in the region, with the factory supplying vehicles to neighbouring markets in Russia, Iran, Afghanistan and Pakistan.

Other Korean businesses, including the Samsung and LG industrial groups and the Samsung textile company, are also considering investments in Uzbekistan.

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Export sales of machine tools up 95%

Financial Times Industry Staff

Export sales of UK machine tools were 95.5 per cent higher in the last quarter of 1994 compared with the comparable months the year before, the government statistical agency reported yesterday. Total machine tool sales in late 1994 totalled £288m, an increase of 30.4 per cent at current prices compared with the corresponding period of 1993. The sales

rise in the UK was 10.8 per cent.

Sales for the whole of 1994, not seasonally adjusted, totalled £1,002m compared with £858m the previous year. The improvement comes after a series of bad years for the industry. In 1993 total sales at constant 1990 prices had fallen 40 per cent in three years. The steep increase in sales last year still leaves machine tool manufacturers with sales a third down on 1990. Nevertheless,

the results confirmed expectations that 1994 had been a better year for the industry. "Demand for machine tools in 1994 was a lot stronger than in 1993 and we expect it to continue in 1995 and even into 1996, assuming no major disasters," said Mr Geoff Noon, an official of the Machine Tool Technologies Association. The rise in exports came after recovery in US, German, French and Belgian markets, the leading buyers for British

machine tools, the association said. Individual large projects in Spain and Indonesia have also lifted exports. Using 1990 constant prices, seasonally adjusted, fourth quarter sales were 7.5 per cent up on the third quarter of 1994, the result of a rise of 14.7 per cent in export sales and a 1.5 per cent increase in home sales. Mr Noon cautioned against hope that the industry would return to its 1989 peak, because improved technology

has offered tool users more productive equipment that lasts longer. UK car production rose strongly in January, having already reached a 20-year high last year. The January increase was driven wholly by export business, with production for the UK market dropping back. Nevertheless, with mainland European markets continuing a steady recovery, the industry has made a good start towards car output exceeding 1.5m

units this year for the first time since 1974. Last month's total output of 119,358 cars was 18.5 per cent higher than 100,768 a year before, according to official statistics yesterday. Within this total, production for output was 83.3 per cent higher, at 57,378, compared with 36,756 a year ago. But falling UK demand, particularly among private buyers, led to a 18.5 per cent drop in output for the domestic market.

UK NEWS DIGEST

Minister opens search for unfair state aid to steel

A group to check on state aids and unfair practices in the European steel industry was launched yesterday by the UK's Department of Trade and Industry. The Steel Subsidies Monitoring Committee will include representatives of British Steel, the British Iron and Steel Producers Association, the DTI and other government departments.

Mr Tim Eggar, the industry and energy minister, said, "I am determined to fight for a level playing field for the UK steel industry. The exceptional granting of state aid to steel producers in countries such as Italy, Spain and Germany must be rigorously monitored." The committee, supported by a £20,000 (£31,000) DTI grant, will gather information on the restructuring of six steel producers in Spain, Italy, Germany and Portugal, whose aid packages totalling £7.7bn (£8.5bn) were agreed by European Union industry ministers in December 1993.

Mr Eggar said the European Commission had the central role of ensuring that state aid was used only for the agreed purpose of restructuring. The committee will pass any evidence of illegal subsidies to the Commission. Andrew Barker

Young workers shun unions

By Robert Taylor, Employment Editor

Trade unions suffered a "massive" fall in the number of young members during the recent recession, the Trades Union Congress said yesterday.

Between spring 1990 and autumn 1993, the number of union members under 25 dropped by nearly 40 per cent from 1,083m to 657,000, an unreleased TUC report based on government figures shows. The number of young workers under 20 in a union fell by 63 per cent. That compares with an overall drop of 10 per cent in the number of workers in unions over the period.

The TUC figures, calculated from the government's Labour Force Survey, show that fewer than one in 10 people under 20 was in unions by autumn 1993, and only 22 per cent of those aged between 20 and 24.

Unions rates for young people fell by 7 per cent compared with a drop of 3 per cent to 5 per cent among the over-25s.

The TUC estimates that only a quarter of those under 20 are employed in workplaces where unions are recognised by employers for bargaining purposes. On average, 46 per cent of all employees work in recognised workplaces.

The TUC says: "The worsening labour market position of young people is clearly a major factor (in declining membership), including the shift to part-time work and the greater marginalisation of young people in the labour market into insecure and low-paid jobs in private services and smaller workplaces where unions are less well established."

The report also points out that the number in the employed workforce under 25 dropped by 22 per cent between 1990 and 1993 while there was a 9 per cent decline in the number of people in the under-25 age group.

Other reasons for the decline in union membership include the rise in the number of young people in higher education, as well as the increase in unemployment among the under-25s, the TUC says. It also points out many of the traditional entry routes into the unions through apprenticeships have gone.

The report also shows that only 23 per cent of employees in the private sector in 1993 were in unions, compared with 63 per cent in the public sector. Thirty-one per cent of all those in work belonged to unions.

Politicians condemn 'criminals and thugs' who disrupted match in Ireland Premier apologises for football 'disgrace'

By John Mason and Simon Kuper

Mr John Major, the prime minister, yesterday apologised to Mr John Bruton, prime minister of the Irish Republic, for rioting by England football fans in Dublin on Wednesday night.

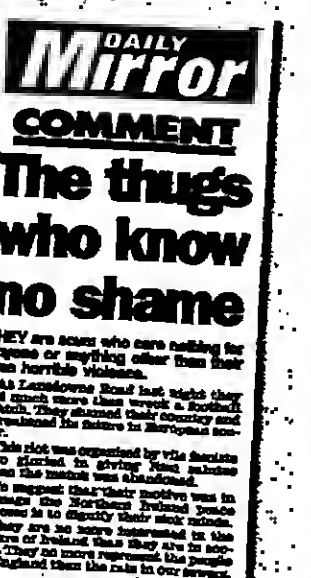
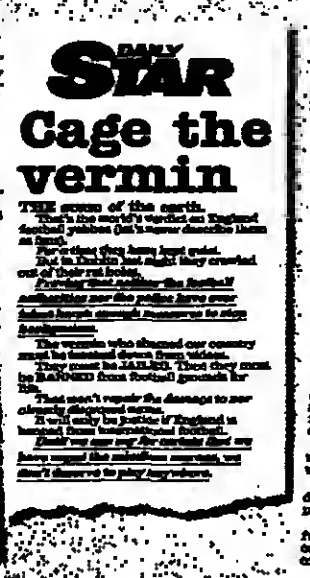
He told Mr Bruton the fans "are not the true face of Britain or of British sport." Officials in Downing Street said Mr Major still believed England should be host for the European football championships in 1996.

"The Dublin violence was condemned by MPs of all parties and Mr Michael Howard, the home secretary, presented a report on it to the cabinet. Mr Major said the behaviour of a tiny minority of thugs had been "a disgrace and an embarrassment".

Mr Tony Blair, leader of the opposition Labour party, supported him, saying: "These people are not proper football fans. They are criminals and thugs and should be treated as such."

At yesterday's cabinet meeting, Mr Howard confirmed that NCIS, the national police intelligence service, had passed information about potential troublemakers to the Irish authorities before the game.

Sir Patrick Mayhew, Northern Ireland secretary in the British government, said he would apologise to the Irish authorities. UEFA, football's European governing body, has



Shrill chorus: some English newspapers were slightly more strident than usual yesterday

Nearly 30 English soccer fans appeared before the Dublin District Court on charges connected with Wednesday night's soccer violence. They all faced charges brought

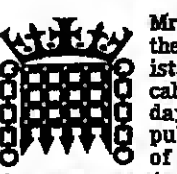
under the Republic of Ireland's public order law, including assault and causing a breach of the peace. Six of the accused were remanded in custody.

the power to appoint a new host nation for Euro 96. But it said it would make no statement before receiving a report on the Dublin violence from FIFA, football's world governing body. The friendly was played

under FIFA's jurisdiction. Mr Joao Havelange, the FIFA president, said he thought England should still host Euro 96. "That's the opinion of the president of FIFA and I'm sure it's the opinion of FIFA," he said. Mr Gerhard Aigner, UEFA

general secretary, tried to play down speculation that England would be deprived of the chance to host the championships. "I would not over-react in such a situation," Mr Aigner told Reuters Television. "I think we should keep calm and look at what has actually happened and also appreciate that incidents with English so-called supporters traditionally happen outside England, rather than in England." The British Tourist Authority estimates that next year's

Major tells cabinet to stop squabbling in public



Mr John Major, the prime minister, told his cabinet yesterday to cease public debate of whether European monetary union has great constitutional implications. Our Political Editor writes, he was trying to defuse the ministerial row which has been threatening to tear apart the government.

Mr Major's ban on public discussion of the constitutional aspects of a single European currency, issued during a stern lecture on the need for the cabinet to present a united front and cease "speculative debate" on the European Union, were seen by some senior Conservatives as an indirect rebuke to Mr Kenneth Clarke, the chancellor of the exchequer (chief finance minister).

Senior Conservatives said last night that Mr Major had succeeded in engineering a "temporary ceasefire" in the

cabinet's public feuding on monetary union and other EU issues. His manner was unusually forceful. He prefaced the remarks by saying they were not open for discussion. Their weight was reinforced by Mr Richard Ryder, the chief whip, who said Conservative backbenchers were insistent that the cabinet battle on Europe should end.

Mr Major told the cabinet that an appearance of disunity had been created. Its origin, he said, was the allegation three weeks ago that Mr Douglas Hurd, the foreign secretary, who is pro-European, had been marginalised by Eurosceptic ministers at a cabinet meeting to discuss policy for next year's EU intergovernmental conference.

Since then there have been contradictory speeches and statements from cabinet ministers on the merits of a single currency. The extreme examples were the remarks from Mr Jonathan Aitken, chief secre-

tary to the Treasury, that he would wait "an eternity" for sterling to join a single currency and Mr Clarke's more recent utterances playing down the constitutional significance of monetary union.

Mr Major reminded ministers of their responsibilities under Questions of Procedure for Ministers (QPM) to adhere to the principle of collective cabinet responsibility. The most important QPM provision is that if a minister speaks on a subject outside the responsibility of his department, he must clear the speech or broadcast with the responsible minister.

Some of Mr Clarke's supporters saw this as reinforcing his position, since the chancellor has responsibility for British policy on monetary union. Mr Clarke has caused consternation among many Conservatives by his statements that the important criteria for judging the merits of a single currency are economic rather than constitutional.

More than £9m lost in fraud at public agencies

The government has admitted that more than £9m has been lost through fraud cases in the civil service and quangos over the past five years, our Westminster Correspondent writes. Quangos are "quasi-autonomous non-governmental organisations" in which members are appointed by government ministers. They are also known as non-departmental public bodies (NDPBs).

In a parliamentary answer to Mr Alan Milburn, a Labour member of the House of Commons public accounts committee, Sir George Young, a junior minister at the Treasury, conceded that the real figure could be considerably higher.

Sir George said: "The data include NDPB staff frauds where these have been reported by departments. However, complete data on frauds in NDPBs are not held centrally."

The statistics, which did not give a breakdown of the type of frauds involved or the amount involved in each instance, showed that in 1993-94 a total of £1.6m was lost. The overall sum was lower than two previous years, but the number of specific cases was the highest at 352.

The five-year total amounts to £9.13m from 1,358 discovered frauds.

Mr Milburn said: "The taxpayer is the innocent victim of inadequate financial controls in Whitehall. But these figures are just the tip of the iceberg. Until changes are made, the level of fraud will go unreported. Farming out services to agencies and quangos has put public money at risk." He said he would demand tougher official monitoring and auditing of quangos.

Tycoons wary of single EU currency

By Peter Marsh and David Wighton

Many of Britain's top business executives are sceptical or hostile to the idea of the country joining a single currency bloc across the European Union by the end of the century. The result may surprise those who believe that, while politicians may argue about the merits of economic and monetary union (EMU), British business broadly favours a common currency and a single EU central bank.

Most industrialists think the UK will benefit from close economic and political EU links, but few believe joining European economic and monetary union by 1999 should be a priority. These are the main conclusions of Financial Times interviews with senior executives from 21 leading UK companies. Only six were keen for Britain to join EMU under the Maastricht treaty schedule; the others voiced varying degrees of opposition or scepticism.

Several of those interviewed think the UK economy might suffer if Britain stayed outside a European economic union agreed by other countries

around 1999, but many believe any benefits would be offset by the political disadvantages of handing control of vital elements of economic policy to a pan-European bureaucracy.

Lord Weinstock, chief executive of GEC, the electricals group, said: "A single European currency would remove some inconveniences for the business community, but the benefits would be negligible compared with the risks."

FT survey of opinion among leading industrialists

involved. In my view, an EMU would be a decisive step towards [European] political union. If other countries want ahead with EMU without Britain, I cannot see this making much difference to a company like GEC."

Mr Roger Leverton, chief executive of Pilkington, the glassmaker, said: "The single currency is a good idea in principle if economies run at the

same rate. The problem is that they don't."

Among leading EMU enthusiasts was Mr Sipko Huisman, chief executive of Courtauld, the chemical company. He said a single currency would reduce costs, ease economic planning and increase investment. "It would be a grey day if Britain didn't join in with other countries in EMU. In an integrated global economy, Britain lost control some time ago of its ability to control the money supply and set interest rates."

Also in favour of an early move to economic union, on the grounds that it would lead to long-term reductions in inflation and borrowing rates across Europe, was Sir John Benham, chairman of the Tarmac construction company. "I'd be in favour of any steps that constitute an external discipline on the ability of the Treasury, Bank of England and UK politicians to mess things up," he said. "I would not be awake for one moment worrying about the sovereignty of parliament. They are the people who have presided over disaster."

But others worried about ceding control of an important area of economic policy to a

group dominated by non-UK interests. Sir Alistair Grant, chairman of the Argyll supermarket group, said: "I'd like to see some of the existing European Union policies working better before we entered EMU. If we can't manage the common agricultural policy, how are we going to manage a common currency and single central bank which are much more fundamental?"

Mr Rod Sellers, chief executive of Vitas, said: "I don't see a grass roots desire for a common currency among our continental competitors. It might involve a layer of bureaucracy which would be stifling and offset the advantages of price stability."

Others were broadly in favour of a common currency, but believed the economies of different European countries were unlikely to have moved close enough to have economic union by the end of the century as set out in the Maastricht treaty.

Mr Andrew Buxton, chairman of Barclays Bank, said: "I am quite sure that 1997 [which the treaty says is the earliest date for EMU to happen] is too early, and there are doubts

over 1999 too." Mr Martin Clark, finance director of Northern Foods, said the Maastricht timetable looked "a bit tight" while Mr Michael Harrison, finance director of Sowater, the paper and packaging group, said: "It's pie in the sky to say we could throw the switch and be ready for it in 1999."

Mr Kent Atkinson, chief financial officer at Lloyds Bank, said the UK would have more problems than most European nations in joining a currency union. "Britain is an island and is used to being king of the castle. A lot of people would be very reluctant to give up the pound."

In contrast, Sir Patrick Sheehy, chairman of BAT Industries, the tobacco and insurance group - and a confirmed EMU supporter - would welcome the demise of sterling. "I'd rather be paid in a [single European] currency that has more stable characteristics than the pound has had during the 45 years I've been employed."

For a large group of EMU sceptics, the main worries related to the economic strains that could be triggered by different countries being bound



Huisman: "grey day" if UK stays out; Buxton: "1999 too early"; Weinstock: "benefits negligible"

by a single pan-European interest rate while managing their taxation and public spending policies according to widely differing criteria.

Mr David Verey, chairman of Lazard Brothers, the merchant bank, said it would be "lunatic" to have a pan-European monetary policy before proper consideration of these questions.

Some of the other doubters thought policymakers had not taken enough account of lessons from Britain's forced exit from the European exchange rate mechanism in 1992. Mr Derek Stevens, chief financial officer at British Airways, said: "If we entered EMU in a hurry, it could be extremely damaging. We should remember the ERM when we joined at completely the wrong time."

Mr Clive Thompson, chief executive of Rentokil, the envi-

ronmental services company, said: "The problem with the ERM was that the Bundesbank acted as a German bank. It is very important, if a single currency is to work, that the European central bank acts as a European bank."

Among the EMU enthusiasts, Mr David Simon, chief executive of British Petroleum, would be concerned if a fairly large core of countries went ahead with EMU in 1999 leaving Britain out. "Britain should be involved right at the start so we can play a full part in designing the mechanics of how the system will operate."

Sir Colin Southgate, chairman of Thorn EMI, said international companies would "think twice" about the UK as a base for the EU if it was not in the inner core, while Mr Pat Dyer, chief executive of BOC group, the industrial gases

company, said: "If other European countries went ahead with EMU without Britain, I'd wonder long-term about how the British economy was going to work out."

These fears were dismissed by Mr Roger Sainsbury, corporate development director at the John Mowlem construction company. "It wouldn't be a disaster if Britain stayed out," he said. "The purely domestic aspects to economic management are more important than whether we form part of a currency union."

Mr Phil Cox, finance director at Asda, the supermarket group, said: "We need to be linked to the rest of Europe but it does not do any harm to have a stand-offish approach [on European policies]. So far Britain seems to have done reasonably well by being reasonably awkward."

RECRUITMENT

JOBS: People management could be at the centre of a City crisis

Reviving the spirit of Siegmund Warburg

In the midst of the present crisis at S.G. Warburg, there has been one short statement which could prove instructive for other company managements.

It was a statement that might have been viewed cynically had it not been for the track record and background of the man to whom it is attributed - and the fact that rarely in the circumstances in which it was spoken do people tend to hide the truth.

When Maurice Thompson, the 36-year-old co-head of Warburg's equity capital markets, announced his resignation last week he said: "I'm not doing it for the money."

Cynics would point immediately to the £6.4m combined salary package rumoured to have been paid to Thompson and Michael Cohrs, the other co-head, by Morgan Grenfell. Not quite enough to beat Manchester United's record signing, but still tidy sums.

Not until managers digest Thompson's words, however, and accept them as genuine, can they begin to analyse what must be achieved at Warburg and any other company facing similar problems.

Sir Siegmund Warburg would

have wept at the loss. Thompson seemed to have many of the qualities that Warburg strove to develop in his executives, although it has been suggested that he and Cohrs would have enjoyed less prominence under the old regime.

Siegmund Warburg spent much of his time building a team of youthful recruits. He even took time himself to tutor younger staff. The result was that by 1985 nearly half of his directors were under 45 and four of these were in their 30s. Warburg rejected the idea of perpetuating a dynasty in favour of a meritocracy.

The track record of Thompson suggests that loyalty had not completely disappeared. He joined the company as a graduate 18 years ago and worked his way up. Much of the old team spirit, however, seems to have deserted the company. So what went wrong?

First its merger talks with Morgan Stanley foundered. Then, unable to expand its business, it was forced to lay off 180 traders and virtually pull out of the international bond market.

At about the same time it suffered the break up of its highly rated media team when three of its four

members moved to Pannure Gordon, the stockbroker. According to City recruiters, there was dissatisfaction in the team about the disciplining of a junior employee who had been criticising management when outside the company. Members of the team were said to have been shocked at what was seen as a management witch hunt to find the individual.

The recruiter said: "That is the sort of thing that managements do when they are losing control."

Thompson and Cohrs, are displaying traits recognised in a number of recent executive departures in US companies, including Texas Instruments, Kodak and Goldman Sachs. Rising stars of all three businesses have recently left to set up or head new or expanding competitors.

The size of their salaries, apparently, has been less important than the opportunity to develop a promising business as opposed to shrinking or restructuring the empire they have left behind.

Their motives could be simply dismissed as reflecting a desire to be a bigger fish in a smaller pool, but there seems to be other reasons behind the moves. One problem

with rationalisation programmes typical of shrinking companies is the impact they have on loyalty.

Loyalty in the dealing rooms lies more with the team than with the employer - just as it does with groups working in any pressured environment. Little wonder, then, that one defection often leads to a whole team changing sides.

Another feature of loyalty, if it is to bond employees to a business, is that it must work both ways. The investment banks, however, have often been both too slow and unimaginative in tackling some of the employment issues created by their business. Where they have worked at retaining loyalty, it has often been in the design of reward packages. Pressure of work, long hours, difficult working conditions all seem to be ailments treated with the same crude remedy: large amounts of money, applied at frequent intervals.

According to one trader, some of the Warburg employees were working from eight in the morning until nine in the evening.

What the banks have conspicuously failed to recognise is that while money remains a marvellous

SALARIES, BONUSES AND CAR ALLOWANCES IN CITY OF LONDON FINANCE						
Position	Lower quartile £	Median salary £	Upper quartile £	Average salary £	Average bonus %	Average car allowance %
Corporate finance head	90,000	102,000	120,175	108,413	68.7	87
Capital markets head	127,500	146,250	188,000	146,750	117.8	60
Bond sales head	85,000	95,000	108,250	95,643	35.9	71
Fund management director	108,500	125,811	155,000	129,104	27.7	67
Eurobond trading head	86,042	100,000	125,000	102,523	73.2	85
Equity trading head	86,164	110,000	150,000	110,000	76.1	40
Private banking head	74,301	91,000	95,000	87,320	3.8	71
Head of research	82,500	95,750	110,000	90,082	34.4	53
Financial director	64,100	78,900	100,000	78,795	43.0	44
Chief of dealer	68,509	79,750	90,430	76,395	31.5	87
Personnel director	57,700	68,000	80,000	64,683	42.3	90
Legal services head	52,750	65,000	70,250	69,044	30.5	51
Money markets head	57,000	64,050	70,000	64,683	25.3	81
Data processing director	56,848	67,000	73,500	67,384	8.2	35
Credit manager	36,086	41,550	45,501	40,729	7.5	19
Customer services head	26,430	30,000	38,000	31,851		

Source: Day Associates, Suite 2.21, 75 Whitechapel Rd, London E1 1DU tel 071 375 1387, fax 071 375 1723

tonic it is not necessarily a prime motivation for the type of individuals sucked into these businesses. It may be that the transient nature of the securities industry makes it difficult to bind in expertise. "Every body wants to have a culture like J.P. Morgan but it isn't easy to do," said one City management consultant. The answer seems to be in the way the organisation is led. If some of Sir Siegmund Warburg's management style could be revived it may help to bring the bank back on course.

Some of Warburg's problems are by no means unique. Clear-outs and departures are a hallmark of the industry. There can be, however, a human cost in this environment which employers should address. If people have complaints about management, then they should be heard. A little upward appraisal can be a salutary experience.

The above table has been compiled from the latest Day Associates' quarterly survey of pay and benefits covering 315 jobs in 131 banks and finance houses. The first three columns show average basic salaries for various rankings in the same type of job. The next shows average bonus, then bonus paid as a percentage. The last two columns indicate the percentage of people with car allowances and the average amount.

The full report, price £350, can be obtained from Joe Clark, Suite 2.31, Whitechapel Technology Centre, 75 Whitechapel Rd, London E1 1DU

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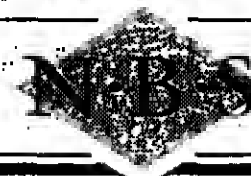
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If this sounds attractive, why not come and talk to us? We are interested to hear from individuals or established teams. You should be able to demonstrate a proven ability in your market and, ideally, have an established client base.

In the first instance, please write to Christopher Honnor, Chairman at:

Dillon, Read Securities Limited

12 St. James's Square, London SW1Y 4LB

(A member of the Securities and Futures Authority and the London Stock Exchange)

APPOINTMENTS WANTED

TOP-MANAGER

Ph.D. in economics; national of Austria; age 29; actually managing director of a 100-employees-company in Austria; very successful work history; entrepreneurial and competitive individual; fluent in 4 languages (Spanish, English, German, French); outstanding business development and communication skills; more than 10 years international experience and sound knowledge in economic statistics; controlling, financial and marketing; highly developed management skills based on 7 years international experience combined with strong organisational and leadership abilities as well as personal credibility and integrity; very active and dynamic character.

Looking for an absolutely challenging executive position in Western Europe or overseas. Relocation support required. Please reply in confidence with appropriate information to Mrs. Emma Hilbert, A-6166 Fulpmes, Austria, who will make the first contact, or else send a fax to ++43-4-2687008 (Medellin, Colombia). Immediate phone call guaranteed.

INTERNATIONAL TELECOMMUNICATION AT BELCOM

BelCom is a leading provider of telecommunications in the CIS. We are seeking candidates for the positions below in our Moscow, London and Albany, Kazakhstan sales offices. We favor candidates with Russian speaking ability. Attractive salary and bonus scheme offered.

FINANCIAL DIRECTOR [Kazakhstan]
Primary role will be to make financial and commercial contribution as a key member of the management team. The position encompasses responsibility for the accounting function, providing the business with timely and accurate management information. Minimum 5 years experience in a telecommunications environment is required.

DIRECTOR PROGRAM MANAGEMENT [Kazakhstan]
Oversee of post project sales including continuous review and evolution of project progress. Supervise personnel and budget including development of necessary documentation and data for Financial Director.

SALES MANAGER [Kazakhstan]
Experienced sales manager with proven track record both in sales and sales management to develop target markets and sales. Individual will have minimum 5 years experience in international telecom sales. In addition, successful candidates will have proven sales management skill in motivating and guiding multinational sales staff through complex systems sales. Sales manager will also be responsible for developing and implementing sales training and reporting tools. Communications sales experience, excellent interpersonal skills and good team spirit are musts.

SALES PERSONS [Moscow, Kazakhstan & London]
Experienced sales persons with a successful, progressive track record to cultivate target markets for international telecommunications services. Candidates must have strong presentation and writing skills, demonstrated ability to identify decision makers, define customer requirements and close the deal. Minimum 5 years sales experience in the telecom industry is a must.

If you are applying from the CIS, please fax a comprehensive CV to the Human Resources Department at BelCom's Moscow office at 7-005-629-88-88.

If you are applying from London/Europe, please fax a comprehensive CV to the Human Resources Department at BelCom's NY office 1-212-765-0864. London interviews will be held during late-February.

BELCOM

FUND RESEARCH LTD

Fund Research is the leading independent research company providing definitive qualitative analysis on collective investment funds to clients globally. It is currently expanding its research team and seeks candidates with an analytical, enquiring mind, who are well organised and have the self-confidence to interview the best investment managers throughout the world. Writing skills and a knowledge of investments are imperative and experience in the fund management industry an advantage.

Fund Research offers participation in a privately owned business, the opportunity to travel and involvement in a company that is growing rapidly, developing new products and services.

Please apply in confidence with curriculum vitae to: Anne White, Fund Research Limited, 1 Frederick's Place, London EC2R 8HX.

Forex Foundation Diploma

DFC Training Group congratulates our successful Diploma candidates.

We are very pleased to be able to announce that 56% of our candidates passed the December examination, against the average of 40%, and that our candidates took all the Distinctions.

DFC Group is also pleased to announce that it has been re-accredited by Forex Education to run the next Diploma evening class programme (two evenings a week from 14 March) and to launch the new one-day-a-week programme (seven Mondays from 27 March).

Details from OFC (44-1797-224446) or Forex Education (44-171-636-4077)

Bloomberg

FINANCIAL MARKETS

Financial Markets Specialists

"Use your markets knowledge and communication skills in a front-line role"

This is an opportunity for investment professionals to change career direction whilst staying at the forefront of the financial markets.

Bloomberg is a highly successful supplier of sophisticated screen based news, information and decision support services.

The company has enjoyed dramatic growth worldwide and has a substantial European operation based in London.

Expansion of the business has created opportunities for financial markets specialists with experience gained in either sales, trading or fund management to play key roles in the company.

You will be responsible for communicating the complexity of the Bloomberg and its capabilities to existing and potential users in the UK & Europe, whilst playing an active role in advising on enhancements and developments often in liaison with our New York office.

Candidates should have at least five years experience in the financial markets and in-depth understanding of financial instruments, particularly any one or more of the following: Equities, Fixed Income, Interest Rate Swaps or Futures and Options. Communication is a key element of the role and you should be comfortable in presentation/demonstration situations. Candidates must be willing to travel and fluency in European languages is desirable.

This is an opportunity to join a world leading company in a highly visible role.

Salary is negotiable according to experience.

Apply to The Freshman Consultancy during office hours on 071-721 7361 or send your CV by post or fax quoting reference FT/AP/2.

FRESHMAN

The Freshman Consultancy, Coppergate House, 16 Bruce Street, London E1 7NJ
Telephone: 071-721 7361 Facsimile: 071-721 7362

Fund Management Manchester based

Henry Cooke, Lumsden plc is one of the UK's leading independent securities houses and wishes to make the following appointments.

Assistant Fund Manager/Strategist

The successful candidate will join a team which is responsible for the formulation of group investment policy. Liaising closely with the fund management team, the ideal candidate will play a key role in the continuing success of the Group's investment strategy, and will have specific involvement in the management of our in-house collective funds.

Candidates should be educated to degree level, with at least three years' experience in an equity-based environment. First-class written and verbal communication skills are essential.

Private Client Portfolio Managers

The private client department has recently expanded its operations and wishes to recruit suitably registered teams or individuals, together with their existing clients. Backed up by first-class administration and a comprehensive range of services, successful applicants will be able to offer their clients the advantages of operating in a professional team environment. Outgoing personalities are preferred and membership of the Securities Institute is desirable.

All positions will be accompanied by competitive remuneration packages. Applicants should write in confidence to Edward Geraghty at One King Street, Manchester M2 6AW.

HENRY COOKE, LUMSDEN plc

A MEMBER OF THE LONDON STOCK EXCHANGE
AND THE N.A.S. FUTURES AND FINANCIAL MARKETS ASSOCIATION

sebbco

Capital Markets Limited

INTERNATIONAL BOND SALES

We are seeking to employ additional salespeople to join a highly successful team of Capital Market Specialists operating within the International Bond Markets.

It is essential that Candidates have good customer relationships and a proven track record in Bond Sales to UK or Overseas Investment Institutions.

Salary negotiable.

Candidates that meet these requirements should send a detailed curriculum vitae to:

Alan Weatherley - Director,

478/480 Salisbury House, London Wall, London EC2M 5QQ

All replies will be treated in the strictest confidence.

Members of the Securities and Futures Authority Limited
The London Stock Exchange and The International Securities Markets Association

DERIVATIVES MARKETING

£HIGHLY NEGOTIABLE, LONDON BASED

Rare opportunity for exceptional marketers to join an expanding, highly rated Global Derivatives Group.

We have been retained by a highly respected derivatives group with strong parentage and credit rating. Already established in core derivative markets, they are expanding into new product areas utilising state of the art technology and their strong market reputation. As part of their growth strategy, they are seeking to expand the Global Derivatives Marketing Group in a number of different customer, product and geographical areas.

Our client is interested in meeting experienced marketers with established customer relationships amongst market professionals and corporate users of asset and/or liability management products. Geographically, they are interested in making further inroads into continental Europe, the USA and Asia. Marketers with at least two years experience servicing customers in these regions are of particular interest. Strong technical ability and a thorough understanding of derivatives applications is essential. Languages, whilst preferable, are not essential.

For a confidential, initial discussion on these opportunities, please contact Michael Brennan or Mathew Rowlands on 0171 242 9000 or outside of office hours on 0973 391426. Alternatively, write to: Alexanders, Mann & Partners, Alexander House, 9-11 Fulwood Place, London WC1V 6HG. Fax No: 0171 405 6434.

ALEXANDERS, MANN & PARTNERS

SEARCH • SELECTION

Capital Markets Credit Risk

London

£ Excellent

Our client is a leading European Bank, with a truly international Capital Markets operation. It provides a full and innovative range of products and services to a prestigious client base worldwide. These include currency and interest rate swaps and options, fixed income and equity derivative products and specialised financial instruments.

There now exists a senior level position within the Capital Markets Credit Department. This area conducts, monitors and controls the entire credit and risk management process for all capital markets transactions.

Key responsibilities of the role include:

- meeting and evaluating potential counterparties in close co-operation with the marketing desk;
- conducting analysis on a financial, country and product basis;

- analysis and presentation of risk to credit committee;
- assisting with training and development of junior team members.

The successful individual, ideally aged mid 30's, will have a rigorous approach to credit risk management and possess a good understanding of capital markets products and activities. The seniority of the role demands confidence and maturity combined with strong communication skills.

This is a superb opportunity to join a bank renowned for excellence. The salary package will reflect the importance attached to the position and will entirely reflect experience.

Interested candidates should contact Tim Smith on 0171 831 2000 or write to him enclosing a full curriculum vitae at: Michael Page City, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649.



Michael Page City

International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

FUND MANAGER

INTERNATIONAL FIXED INCOME
Competitive Salary plus Benefits

Murray Johnstone, one of Scotland's leading investment management companies, seeks an additional member for its international fixed income team. Funds under management in this area are approximately US\$1 billion, with increasing opportunities for further expansion from an international base of clients and contacts.

Ideally, candidates, aged around 27, should be educated to degree level, with 3-4 years' experience in an active fixed income environment. Experience of managing currency hedged portfolios would be particularly advantageous and a strong

quantitative background is mandatory. As well as managing portfolios, the successful candidate will participate in the development of investment strategy and be involved in making presentations to existing and potential clients. Good communicative skills are therefore essential.

If you are interested in this exciting and challenging role, please write, giving relevant personal and job details to: Mrs Anne Blair, Personnel Adviser, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

MURRAY
JOHNSTONE

A member of IMRO.

DIRECTOR - PROJECT FINANCE

Westminster

£Neg

The Capita Group Plc is one of the fastest growing listed groups servicing a range of blue chip public and private sector clients.

As part of the planned expansion of our Corporate Finance subsidiary we require a director to develop further our project finance service, especially to the Public Sector under the PFI.

You are probably aged early to mid 30's with a minimum of 5 years project finance experience.

You must also have excellent negotiating, analytical, interpersonal and communication skills with the ability to accurately assess risk.

Please send your CV with details of your present package to Ian Smith, Managing Director, Capita Corporate Finance Limited, 71 Victoria Street, Westminster, London SW1H 0XA.

CAPITA

APPOINTMENTS WANTED

GENERAL MANAGER

Canadian/Chinese seeks new worldwide job opportunity. 18 years P & L responsibility for worldwide healthcare markets. Electronic Consultant with English, German, French, Spanish, Mandarin for Peking, Beijing, Shanghai, Hong Kong, Macao, 47 years of exp. Please reply to M. Bock - Fax: 00-49-8201 57654

CANTELLA & CO., INC. has

openings in New York and Paris for experienced, Eurobond Sales, Trading and Brokerage Personnel specializing in Fixed Income and Emerging Market Eurobonds. Please fax resume to: USA 212-613-7029 or Call USA 212-613-7020

INVEST IN EXPERTISE :

Hire a Shipping Specialist.

With more than ten years of experience in voyage analytical accounting systems and thoroughly familiar with computer technology inherent in this highly demanding field, 35-year-old Swiss executive of Greek origin is currently available for employment.

Whether you want to create or develop your shipping department in Switzerland, or simply hire a talented professional who works independently and prepares complete reports per vessel, voyage and year, please write to Box 132-766158, Publicitas Leman, 1003 Lausanne, Switzerland.

INTERNATIONAL FUND NEEDS INVESTMENT BANKERS to deal with high net worth individuals, banks, insurance co. and funds. Excellent compensation and benefits. Must have 10 yrs experience. Fax resume New York 212-758 8137.

INTERNATIONAL COMMODITY TRADING COMPANY FINANCIAL OFFICER

The successful candidate will have a minimum of 2 years work experience in a bank as an Account Officer, preferably involved in commodities trade finance or a Junior Account Officer. However, candidates of bankers with experience in corporate banking or structured financing are welcome.

The role involves liaison between the different parties involved in trade-related financing or barter transactions, within and outside the Company. In addition to banking experience, good communication and organisational skills are essential. The candidate should be comfortable in structuring transactions independently and be prepared to travel abroad on a regular basis.

Fluency in Spanish would be an advantage.

Preferred age range: 24 to 28.

Write to: Box AS115, Financial Times, One Southwark Bridge, London SE1 9HL.

Controller/F&A Manager

The Business Unit Philips Automotive Playback Modules, with main office in Wetzlar, Germany, produces high quality products for the automotive industry worldwide.

Apart from a competence and production centre in Germany, the company has manufacturing facilities in Hungary, Mexico and Malaysia as well as sales offices in Europe, the US, Latin America and the Far East.

Sales are for 45 % in the US, 40% in Western Europe and the remainder in other countries.

For this Business Unit we are looking for a Controller / F&A Manager

As a member of the international management team, this manager will have the responsibility for the following activities:

- General Controlling
- Evaluation business opportunities
- F&A for all international activities
- Asset management
- Management Information
- Cost Engineering

We are looking for a personality with international experience, who sees the global entrepreneurial responsibilities as a challenge.

You are the right candidate, when you have experience in an international - preferably US- company with an MBA-background. If you think you are the right man for this challenging job then please contact:

Philips GmbH
Automotive Playback Modules
Personal- und Sozialwesen, Herrn Henkel
Philippstraße 1, D-35576 Wetzlar



PHILIPS

Mutual Fund Sales Role

Fluent German

UK Merchant Bank

Our client, the asset management subsidiary of a leading merchant bank, is highly regarded for its consistently strong investment performance record. Mutual funds under management now stand at £3 billion. A new opportunity has been created for a talented linguist and sales specialist to market a range of mutual funds in Germany and Scandinavia.

Based in London, you will be responsible for selling the company's range of mutual funds to professional investors primarily in Germany and Scandinavia. Your role will involve the provision of a top quality service to new and existing clients in particular making presentations to groups of advisers and their clients as well as new business development.

It is essential that you are fluent in German and willing to travel frequently. You have an in-depth knowledge of investment markets in addition to a successful sales record. You are aged between 28 - 45, a confident public speaker, highly ambitious, career orientated and most likely to be based in London.

An attractive remuneration package including a competitive basic salary, bonus and Banking benefits will be offered to the successful candidate. To apply please write enclosing your cv, (explaining in detail your investment sales record and current salary package), quoting reference 1088 to Fiona Law at FLA Ltd, 211 Piccadilly London W1V 9LD. Tel: 0171-738 9732.



Private Sector Development Specialist (Project Finance)

The World Bank, the leading multilateral lending agency in the field of global economic development, seeks a French speaking Private Sector Development Specialist in Project Finance for a position in Washington, D.C. USA.

The position requires:

- An advanced degree in Finance, Economics and/or Engineering
- Fluency in French
- A minimum of seven years work experience in privatisation and restructuring of large scale enterprises, such as utilities, including extensive experience with the financial aspects of privatisation projects

Confidential applications with detailed curriculum vitae, indicating advertisement Code PSF, should be faxed to: (202) 477-1851, or mailed to: The World Bank, Recruitment Division, PSF Adv., 1818 H Street, N.W., Room D-4158, Washington, D.C. 20433, USA, within 14 days.



Dresdner Bank

RESULTS OF DECEMBER 1994 EXAMINATION

First Name	Last Name	Company	Excerpt	Status	Dist
Bandholz	de Hempting	Bank Breda Lumbert	BRUSSELS	PASS	No
Lac	Dunlop	Kreditbank N.V.	BRUSSELS	PASS	No
Pier	Spies	BNP-Paribas Bank AG	BURGERSTADT	PASS	No
Jones	Telle	Central European Bank Ltd.	BURGERSTADT	PASS	No
Smith	Madhok	National Bank of India	DUBLIN	PASS	No
Madhok	P. Prasad	National Bank of India	DUBLIN	PASS	No
Madhok	Kumar	Union National Bank	DUBLIN	PASS	No
Madhok	Sundaram	ANC Global Bank	DUBLIN	PASS	No
Jones	McGee	Ulster Bank Ltd.	DUBLIN	PASS	No
Francis	Devlin	Royal Bank of Scotland	EDINBURGH	PASS	No
Hicks	Johnson	Royal Bank of Scotland	EDINBURGH	PASS	No
Rourke	Walden	Bank of Scotland	FRANKFURT	PASS	No
Madhok	Adams	Ulster Bank Ltd.	LONDON	PASS	No
Dill	Agar	Parsons Partners	LONDON	PASS	No
Jones	Andrews	Parsons Partners	LONDON	PASS	No
Simon	Ames	Wardley de Zeev World	LONDON	PASS	Dist
Lee	Arrowsmith	Ulster Bank of Ireland	LONDON	PASS	No
Chap	Bayard	Bank of Australia	LONDON	PASS	No
Griffin	Bobby	Deutsche Bank A.G.	LONDON	PASS	Dist
Subram	Blawie	State Bank of India	LONDON	PASS	No
Richard	Booth	Ulster Bank Ltd.	LONDON	PASS	No
Mark	Cooper	Bank of Australia	LONDON	PASS	No
Lee	Davies	ING Bank	LONDON	PASS	No
Andrew	Doc	Lloyds Bank PLC	LONDON	PASS	No
Shirley	Dwy	Chase Investment Bank	LONDON	PASS	No
James	Fisher	Renaissance Ltd	LONDON	PASS	No
Lee	Forster	Martin Gierke	LONDON	PASS	No
Russell	French	Midland Global Market	LONDON	PASS	No
Martin	Goudwin	Wardley de Zeev World	LONDON	PASS	No
Zeller	Hemmel	Habib Bank Ltd.	LONDON	PASS	No
James	Hippmann	Ulster Bank of Ireland	LONDON	PASS	No
Chap	Johnson	Lloyds Bank	LONDON	PASS	No
Helen	Johnson	Lloyds Bank	LONDON	PASS	No
Ruben	Kelly	Royal Bank of Scotland	LONDON	PASS	No
Dunlop	Koner	Int. Co. for Finance	LONDON	PASS	No
Ellen	Lopez Igles	C.E.C.A.	LONDON	PASS	No
Elizabeth	Lynch	Royal Bank of Scotland	LONDON	PASS	No
Red	Martin	Bank of Australia	LONDON	PASS	No
Gary	Mitchell	Bank of Australia	LONDON	PASS	No
Ellen	Murray	Wardley de Zeev World	LONDON	PASS	No
Ade	Robinson	Chase Investment Bank	LONDON	PASS	No
Ray	Smith	Royal Bank of Scotland	LONDON	PASS	No
Stephen	Stiles	State Bank of India	LONDON	PASS	No
Danny	Thompson	Ulster Bank	LONDON	PASS	No
Michael	Walden	E.D.A. de M. International	LONDON	PASS	No
Tina	Walden	Deutsche Bank A.G.	LONDON	PASS	No
James	Walden	Deutsche Bank A.G.	LONDON	PASS	No
Seamus	Walden	State Street Bank	LONDON	PASS	No
Dimitri	Ellen	Deutsche Bank AG	LUXEMBOURG	PASS	No
Paul Kanan	Jain	Bank of America	LUXEMBOURG	PASS	No
James	Madhok	Kreditbank N.V.	LUXEMBOURG	PASS	No
Cadde	Parsons	Bank of Australia	LUXEMBOURG	PASS	No
Charles	Quinn	Bank of Australia (Lux) S.A.	LUXEMBOURG	PASS	No
Markus	Thompson	Bank of Australia	LUXEMBOURG	PASS	No
Ellen Paine	Sundaram	Ulster Bank Ltd.	REYKJAVIK	PASS	No
V.	Russell	Arab National Bank	RIYADH	PASS	No
Joseph	Cheng Chai	Bank of America	SINGAPORE	PASS	No
Andrew	Lee Fui	Bank of America	SINGAPORE	PASS	No
Andrew	Quack Chai	Bank of America	SINGAPORE	PASS	No
Percy	Thompson	Bank of America	SINGAPORE	PASS	No
Guend	Tong Kuan	Bank of America	SINGAPORE	PASS	No
Chifford	Wong Kuan	Bank of America	SINGAPORE	PASS	No
Chifford	Yong Chai	Bank of America	SINGAPORE	PASS	No
Justin Patrick	Chapman	Royal Bank of Canada (C) Ltd	ST HELIER	PASS	No
Richard	Quinn	Royal Bank of Canada (C) Ltd	ST HELIER	PASS	No
Philip Timothy	Lee	Royal Bank of Canada (C) Ltd	ST HELIER	PASS	No
Marie Amadee	Horned-Chamard	Union de Banque Privée	ST HELIER	PASS	No
Stephen	Winger	Union de Banque Privée	ZURICH	PASS	No

I. D. E. A. FOREX STRATEGIST

I.D.E.A. the premier on line analytical service seeks a Forex Strategist to join its global research team in London. The ideal candidate should have experience of analysing foreign exchange markets and be comfortable working in a fast paced environment. A strong economics background is preferred. Responsibilities include formulating currency strategies in conjunction with our team of chart analysts/economists, with an emphasis toward European currencies. Our written commentaries are distributed to our worldwide client base of 1500 institutions. Widespread client and media coverage are also encompassed within the position.

In exchange a competitive compensation package is offered.

Please forward your CV to Mike Gallagher at:
IDEA Ltd, Lincoln House, 296 High Holborn,
London WC1V 7JH or phone 071 430 2388.

BANKING WITH LANGUAGES

ACCOUNT OFFICER - FLUENT RUSSIAN - £28K + Pkg
Private bank seeks individual with min. 2-3 yrs banking exp. - ideally in Invest. Mgt. English m't preferred.
SENIOR CREDIT ANALYST - FLUENT ITALIAN - £28K + Pkg
MARKETING OFFICER - CORPORATE BANKING - GERMAN ADVANTAGEOUS - £28K + Pkg
Must have excellent origination and deal completion record in a particular industry eg. Film/Property Financing. Min 10 yrs exp. req'd.
CREDIT ANALYST - FLUENT GERMAN - £28K + Pkg
Min. 2 yrs relevant exp. req'd.
ACCOUNT OFFICER - SOUTH AFRICA - £28K + Pkg
Previous banking exp. in S. Africa is req'd to join Private Banking Division of City Bank.
ACCOUNT OFFICER - FLUENT MANDARIN/CHINESE - £28K + Pkg
Min. 2 yrs banking exp. req'd.

Please call Euro London Appointments
Euro Place, 47 Fleet Street, London EC4
Tel: 0171 588 0180 Fax: 0171 353 9849

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PRIORITY
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R6

ACCOUNTANCY APPOINTMENTS

BTEC

**Business & Technology Education Council
Finance Director**

c.£60,000

London

Key appointment, reflecting the need for business management skills following the recent change of BTEC to a commercial, self-financing status.

BTEC

Produces a wide range of vocational education and training qualifications. Over 300,000 student registrations. Operates in a rapidly changing and highly competitive market.

Annual revenue £21m, 260 employees, 1500 specialist part-time advisers. Company limited by guarantee.

THE POSITION

Responsible to Chief Executive for financial reporting and control and for information systems. Manage a department of 27 staff.

Ensure management action generates adequate surpluses for reinvestment in long-term development.

Contribute in the formulation of strategic business plans, providing analytical frameworks for scenario planning and assessment of risks and opportunities.

THE INDIVIDUAL

Graduate, qualified accountant, possibly MBA. Management experience gained in major organisations with sophisticated IT systems.

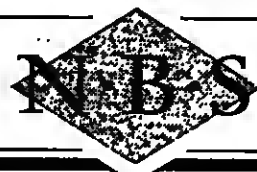
Technically strong, with experience including management accounting and IT systems development.

Commercially aware with wide experience of implementing product profitability improvement.

Supportive and open management style. Experience of empowering line managers with financial responsibility.

Please send full cv, stating salary, ref PP0582, to NBS, 54 Jermyn Street, London SW1Y 6LX

NBS SELECTION LTD
a BNB Resources plc company



LONDON 0171 493 6392
Aberdeen 01224 438080 • Birmingham 0121 233 4456
Bristol 0117 529 1142 • Edinburgh 0131 226 2400
Glasgow 0141 204 4334 • Leeds 0113 245 3830
Manchester 01625 539953 • Slough 01753 819227

Finance & Operations Director

A unique equity participation opportunity

£50,000 + Car + Bonus + Benefits

Location: M4 Corridor

Our client is a fast growing IT distributor, with unique configuration and assembly skills selling integrated solutions into vertical markets. Enjoying excellent franchise agreements, they are dedicated to becoming the premier name in their sector and to surpassing dramatic growth and profitability targets. They now seek an exceptional individual to positively impact the management team and the future direction of the company.

Reporting to the Managing Director your wide-ranging responsibilities will include:

- Maintenance and operation of tight financial controls, financial planning and capital expenditure
- Provision of commercially focused management information, support and advice
- Take charge of the operational elements of the company to include Purchasing, MIS, Warehousing, Logistics, Distribution and Maintenance

Provide focus and leadership to the finance & operations teams

Candidates will be qualified accountants with at least 7-10 years post qualified experience gained in ITech manufacturing/MCO environments, and will enjoy extensive experience of the operational functions mentioned above. You will also display the commercial acumen, credibility and initiative commensurate with a position of this importance. This represents an outstanding opportunity to join a young, growing and dynamic company and to be part of and share in its success.

If you believe you have the required skills sets and appetite for this unique role, please send a covering letter and CV to our advising consultants, Jonathan Kild or Lisa Powell, at Harvey Nash Plc, Dragon Court, 27-29 Madras Street, London, WC2R 5LX. (Tel no: 0171 333 0033). Please include daytime telephone number, current salary details and quote reference number HNF119.

HARVEY NASH PLC

Commercial Director

Hong Kong

c £100,000 + Substantial bonus

Our client is an expanding £250 million turnover, international group engaged in the design, manufacture and marketing of quality consumer products.

They now seek to appoint a Commercial Director to their principal Hong Kong subsidiary which has established a strong market position and has substantial potential for further organic and acquisitive growth.

The Commercial Director will work alongside an entrepreneurial, sales orientated Managing Director and will have full responsibility for day to day operational, financial and administrative activity. Key tasks will include the enhancement of financial management systems with particular emphasis on working capital control, and the implementation of a new organisational structure for optimal operational performance. Furthermore, the

successful candidate will be expected to contribute fully to the formulation and execution of profitable long term strategies for the business.

Candidates, aged 35-45, will probably be qualified accountants or MBAs who can demonstrate a successful record of profit responsibility gained in an international trading environment. Tough but sensitive management skills and strong commercial acumen combined with high levels of energy and commitment are prerequisite. Experience of working in the Far East or a similar demanding overseas location is essential.

Applicants should forward a comprehensive curriculum vitae, quoting ref 221798 to Mark Hurley ACMA, Executive Division, Michael Page Group, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Group

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Frankfurt Hong Kong Sydney

Worldwide telecommunication and information processing services organisation requires a

Junior Financial Officer

to join the Management in The Finance and Economics Department in Paris

Applicants should have a Business School Degree or equivalent and a good knowledge of French. A basic knowledge of information processing is preferred.

Responsibilities will encompass budgeting, cost control, project management control, economic studies, and may lead to other financial functions.

Candidates should be prepared to travel abroad when necessary. Very good salary and comprehensive benefits package.

Please forward a curriculum vitae and salary requirements to Emmanuel Jalenques, Michael Page International, 3 bis Bineau 92300 Levallois-Perret, France Ref FX11369.



Michael Page International

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Frankfurt Hong Kong Sydney

FINANCE MANAGER

Midlands

C. £35K + Bonus + Car

A £20M autonomous operation and part of an international group, this business exports 70% of its sales and provides engineering solutions to a range of blue chip customers.

THE CHALLENGE

- Analyse, assess and report financial results.
- Draw up forecasts, budgets & strategic plans.
- Lead a team of six.
- Appraise and review capital projects.
- Ensure effectiveness of foreign exchange transactions.
- Assist in the implementation of MRP systems.

THE CANDIDATE

- Must be a fully qualified Accountant, ideally Graduate
- At least 5 years post qualification experience.
- Experienced in major control control ideally in an engineering environment.
- Persuasive presenter and strategic thinker.
- Must have assisted in the implementation of MRP.
- Exposure to a complex business having undergone major change.

If your skills and experience enable you to meet these challenges, perhaps gained in an international operation, please write with CV, outlining current package and quoting Ref. No: AKS294 to Angus Keller

FEDERAL RESOURCES EUROPE

Molin Street, Milford, Newark, Notts NG22 0PP

UK • NETHERLANDS • GERMANY

CJA

RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP

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Opportunity to set own agenda, mould the area and to see how the whole bank works

CJA

**INTERNAL AUDIT/
RISK CONTROL**

CITY

£30,000 - £40,000 + BONUS

LONDON BRANCH OF EUROPEAN INTERNATIONAL COMMERCIAL BANK

Our client is a growing bank with a broad range of international business for the size of the branch, including exposure to the Eastern European emerging markets. The emphasis is on commodities and trade finance and structured lending, with Treasury and a small capital markets division and the dealing room covers FX, off-balance sheet and European equities sales. The successful applicant will report to the General Manager, will be responsible for internal audit and will prepare the audit programme and an analysis of the key risks and the audit approach for each area of business. There will be other internal control project and compliance work and there is the possibility of international travel. We invite applications from computer literate candidates with international exposure/experience of audit of banks/commodities houses etc and a knowledge of compliance requirements and documentation. The role is described as a consultant rather than a policeman and calls for a self-reliant individual with the diplomacy to win people over to their way of thinking. Initial remuneration is negotiable £30,000 - £40,000 + bonus and bank benefits.

Applications in strict confidence quoting reference RC5020/FT to the Managing Director, CJA.

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Group Treasurer

c.£90,000 + benefits Central London

If you really want a challenge...

So, what makes this role different?

Well, for a start, we're a downstream oil company so you'll be dealing with some big numbers; turnover of \$7 billion; foreign exchange purchases of \$2 billion; credit lines of around \$4 billion. Add to this, considerable complexity: treasury staff in 15 countries reporting through 11 affiliates; over 60 banking relationships, principally in Europe; credit management arrangements ranging from credit card customers to major suppliers; in other words, we think you'll be kept pretty busy.

Is there more?

Until now, treasury has been highly decentralised: we'll be looking to you to continue a process of bringing currency management and international funding into the centre. In addition, we have an ambitious expansion and acquisition programme and we plan to upgrade/replace some of our existing capacity. Funding will be an integral part of these plans.

Are you convinced?

If so, then persuade us that you meet our requirements. Probably in your 40's: internationally experienced with a blue chip corporate background; a sophisticated risk manager with in-depth knowledge of instruments and

policies; considerable exposure to the international banking community and not just in the UK; head office experience but familiar (and comfortable) with complex matrix management. Over and above this, if you speak a European language, understand insurance and you've worked in the oil industry, you could make our day!

What's your style?

Creative, imaginative, resourceful, a visionary but also practical; organised, detail conscious and able to stand on your own two feet without much support from external advisers; tactful and diplomatic, an influencer, an implementer of change.

Do we have a match?

If so, then write and argue your case, quoting reference D/1529/FT, to Mark Hartshorne at the address below. Alternatively, for a strictly confidential discussion, call him on 0171-939 5605.

Executive Search & Selection,

Price Waterhouse,

No 1 London Bridge,

London

SE1 9QL

Fax: 0171 403 5265.

European Financial Controller

"An exceptional opportunity for an exceptional 'Big 6' Senior Manager"

SW London

c £60-80,000 package + Car

Our client, a major, multinational FMCG corporation, has a European turnover of \$1.2bn and some of the best known brands in the world. The business has grown dramatically in recent years and is on track to continue double digit growth in the future. This growth has been achieved by substantial investment in the aggressive development of new and existing brands, together with strategic acquisitions and Joint Ventures.

The small European Head Office provides the strategic thrust for business development and co-ordinates the activities of the fully decentralised field operations.

This position will be responsible to the Chief Financial Officer for the integrity for financial control throughout the Division. Key areas of involvement will be ensuring compliance with statutory and parent company reporting requirements and coaching operating finance functions in "best practice". In addition, the Controller will be expected to add value to the business by providing strategic financial oversight across a wide range of operating subsidiaries and working closely with the tax and treasury functions to maximise cross-border opportunities.

This is a high profile role, requiring international interface at all levels of management and providing

substantial opportunity for "fast track", international career development. Candidates must, therefore, be exceptional.

The ideal candidate will currently be working at Senior Manager level in a major accountancy practice or will have already left the profession and had some commercial experience. In addition to outstanding academic and professional qualifications, applicants should have experience of operating company audits/secondments, exposure to the tax, treasury and corporate finance demands of international businesses and a good understanding of US GAAP. It is preferable that candidates will have worked in more than one geographical location, hopefully including an international secondment.

The remuneration package is designed to attract and retain the best. It will not be a limiting factor in the decision-making process.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref 188785, to Alan Dickinson

FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

FINANCE DIRECTOR DESIGNATE

London c. £45,000 + Benefits

Our client is a substantial trading company operating in a niche market and supplying a unique service to a relatively small number of end-user customers.

It now seeks a high calibre Finance Director to lead and motivate a small team responsible for reporting and control, including the designing and implementing of appropriate systems, and to work closely with the board in the commercial development of the business.

Candidates will be qualified accountants aged 30-40, technically competent, with well-developed computer skills and the creative and interpersonal strengths to make a real contribution to the ongoing success of the business.

Share options based on performance will be available one year after appointment.

Please reply in confidence by letter or fax with a comprehensive curriculum vitae, including details of current remuneration and a daytime telephone number to D. E. Shribman or M. J. Hudson, Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 0171-404-5773).

HUDSON SHRIBMAN

KPMG

Group Finance Director

Yorkshire £75,000 + car and excellent benefits package

Barr & Wallace Arnold Trust plc is a long established and profitable group, based in Leeds, with a national reputation. The Group, which has a turnover of £250 million, is structured such that there are two major divisions (motor distribution and leisure and holidays) and a smaller division (fuel distribution). It has recently undergone a period of significant change which has culminated in the enfranchisement of its 'A' ordinary non-voting shares and resulted in the abolition of the two-tier voting structure.

The Board is pursuing an aggressive policy of expansion, both organically and by acquisition. It now requires a highly qualified Finance Director, reporting to the Chairman and Chief Executive, who will oversee the financial operations of the Group and assess the quality of possible acquisitions.

Candidates, who must be qualified accountants, will play a key role in formulating business strategy and in enhancing relationships with investors, merchant bankers and the financial sector per se. Experience in the leisure/motor sectors would be advantageous but is not essential. Excellent presentational and communication skills are pre-requisites of this position together with the strength of character to influence and convince other Board colleagues.

The Group adopts an innovative approach to its expansion and the chosen candidate will be expected to contribute in a like manner to the strategic and operational development of the Group. This is an extremely demanding and challenging position and requires an individual with drive, enthusiasm and the ability to get things done.

If you feel you meet the requirements then please send your CV, quoting ref M 260, to KPMG Selection & Search, 1 The Embankment, Neville Street, Leeds LS1 4DW

KPMG Selection & Search

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and in the
International edition
every Friday

For further
information please
call:

Andrew Skarzynski
on
+44 171 873 4854

Sam Morris on
+44 171 873 4827

Joanne Gerrard on
+44 171 873 4153

To £100,000 package
+ benefits

World-Class Manufacturing

South East

Finance Director

Rare opportunity for an ambitious financial professional to support the Chief Executive of a successful £400 million turnover international engineering company in optimising the performance of decentralised divisions worldwide. Challenging role requiring a first-class financial management background combined with exceptional interpersonal skills which offers real scope for progression into general management.

THE ROLE

■ Providing authoritative financial control, reporting and analysis service to the Chief Executive, divisional general management and Group, reviewing and critiquing operational unit performance.

■ Supporting divisional management in assessing market opportunities and potential risk, including logistics enhancement, product development and acquisition appraisals.

■ Driving budgetary process and managing group consolidation through established head office accounting function in conjunction with Group.

THE QUALIFICATIONS

■ Qualified accountant, and ideally MBA, aged 35 to 45. Broad financial management experience in a multi-site international business with proven commercial involvement in managing manufacturing businesses.

■ Technically outstanding manager with commercial flair. Robust approach with the style and wit to challenge and enthuse divisional management to maximise financial performance.

■ Strong empathy with diverse business cultures with the impact and maturity to gain respect at both parent level and across the businesses worldwide. Willing to travel extensively; additional languages advantageous.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, 16 Cornhill Place,
London EC3A 3DF

CREATIVE ROLES IN FINANCIAL MANAGEMENT

M4 Corridor

**Excellent
Remuneration
Packages**

This International Business Services Group, a fully listed public company, is a market leader covering a range of specialist products. Current turnover at £800m has consistently increased in line with profitability and the group remains committed to further acquisition and development opportunities. The continuing growth and development of its operations has created two opportunities for high calibre finance professionals keen to play a key role in improving performance and effectiveness.

GROUP FINANCIAL CONTROLLER

c. £60,000 + Benefits

Assuming control of an established and committed finance team, your main focus will be to optimise the effectiveness of a central financial function operating in a multi-currency environment. You will highlight areas for improvement and develop an exceptional operation able to react to the ongoing needs of the business and to absorb acquisitions within existing structures.

You will be a graduate calibre accountant who has worked at a senior financial level within an international group that recognises the impact that financial management can have on the control and development of key business issues. A proven ability to both manage and motivate a large and diverse headcount is imperative. Ref: MH550.

TREASURY AND TAX MANAGER

c. £45,000 + Benefits

You will spearhead a function designed to optimise the group's position from a treasury and tax perspective. You will

control treasury issues designed to capitalise on the group's cash resources and be responsible for providing an innovative and creative mechanism for funding the business. Additionally, you will focus on international tax planning, develop group taxation policy and provide the board with tax effective advice on the implications of major group transactions and developments.

You will be a professional who has already gained relevant treasury and/or tax experience from within a multi-national reporting environment and be capable of implementing a commercially focused approach to these disciplines. Ref: MH551.

Interested candidates should contact **Michael Herst** or **Charles Austin** quoting the appropriate reference at **Harrison Willis Search & Selection Partnership**, Cardinal House, 39-40 Albermarle Street, London W1X 3FD.

**HARRISON
WILLIS**

BOLOGNE • COLOGNE • LISBON • LONDON
MADRID • PARIS • WARSAW

Group Finance Controller

West London £37,500-£45,000 + car + benefits

Our client is a fully listed Plc whose areas of activity include property investment, development and activities connected with the construction industry. The Group now wishes to strengthen the senior management team by appointing a Group Finance Controller.

Reporting to the Group Finance Director, you will be responsible for all finance and management reporting and for monitoring the performance of the Group through detailed financial analysis. You will also be expected to be involved with the future development and management of the Group.

Candidates will need to have at least ten years' post qualification experience, including five years in a senior line management role, either within the Head Office of a Plc or as the Finance Director of a subsidiary of a larger group. Relevant industry sector knowledge would be an advantage, though not essential.

Interested and ambitious candidates should send a curriculum vitae, quoting reference no. 1879 to:

PCF
worldwide

Jonathan Wilkinson
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House
76 Hatton Garden, London EC1N 8JA

**Pannell Kerr
Forster
Associates**
MANAGEMENT CONSULTANTS

CHIEF FINANCIAL OFFICER

**c£70-80,000
+ Car
+ Profit Share
+ Options**

ABERDEEN

fss

Operating in 24 countries worldwide with a turnover of \$300million, our client, a major listed subsea engineering company serving the oil and gas industry, is a leading player within its highly specialised and dynamic market place.

The company is now seeking to appoint a full-time Chief Financial Officer as a key member of the senior management team, to provide leadership and direction to the finance function and to play an integral role in the successful long-term development of the business.

Reporting to and working closely with the Chief Executive Officer, you will be responsible for all aspects of financial management and control in this NASDAQ listed company. This will include building and developing a strong corporate team of finance, accounting and treasury professionals, and overall responsibility for the information systems function. Also of key importance will be developing the finance functions in the operating subsidiaries worldwide. In addition, you will be responsible for the implementation of the company's financial strategy, financing negotiations and investor relations, and will play an important role in contract negotiations and M&A transactions.

A qualified accountant with US GAAP experience, extensive international exposure and a proven track record in senior financial appointments, you will be decisive and imaginative, with a high level of commercial acumen, excellent technical, management and communication skills and the maturity to provide a positive contribution at the highest level.

If you wish to be considered for this exceptional appointment send/fax your CV, including details of your current remuneration package, to **Suzanne Swycher** at **FSS Executive**, Charlotte House, 14 Windmill Street, London W1P 2DY. (Fax 0171-209 0001).

fss
FSS
EXECUTIVE

FINANCIAL CONTROLLER

Salary £35K Package + Car + Benefits
Location: Croydon (SE London)

Eltron Chromalox, a medium sized autonomous operating division of Emerson Electric Co., with global sales of \$88, designs and manufactures capital goods for domestic and export markets worldwide and is seeking a Financial Controller to head their Finance Department and participate in the management of the business.

Reporting to the Site Director, this senior and demanding position would ideally suit a hands-on, P.C. literate, Qualified Accountant with a minimum 5 years experience within a job costing manufacturing environment. Previous experience of systems review and implementation of change together with the ability to meet tight reporting deadlines is essential.

If you are self-motivated, can achieve change and are seeking a challenging role, please send your CV and current remuneration package to the Personnel Manager, Eltron Chromalox, 20-28 Whitehorse Road, Croydon CR9 2NA, SURREY.

ELTRON

COST ACCOUNTANT

Switzerland

**Attractive Salary
+ Benefits Package**

This international financial services organisation is about to embark upon a major project involving cost budgeting, financial systems development and the introduction of a cost centre accounting structure.

This necessitates the recruitment of a high calibre, technically versatile qualified accountant, with a minimum of five years experience gained within financial services, commerce or industry. This challenging opportunity will suit a proactive, computer literate individual, who is keen to apply their problem solving and project control expertise.

Ideally aged 25-35, you should be able to speak English fluently and another European language to some degree.

To discuss this opportunity, please contact **Jonathan Astbury** on 071 629 4463 (evenings/weekends 071 702 9672) or write quoting Ref: JA904 to **Harrison Willis**, Cardinal House, 39/40 Albermarle Street, London W1X 4ND. Fax 071 491 4705.

**HARRISON
WILLIS**

North Eastern Health Board
Kells, Co. Meath, Ireland

MANAGEMENT ACCOUNTANT

£25K - £28K

**KELLS
CO, MEATH**

on Eastern Seaboard
60 Kilometers from Dublin
130 Kilometers from Belfast

The Organisation
The North Eastern Health Board provide Health Care Services to a population of approximately 300,000 in the Counties Cavan, Monaghan, Meath and Louth. Its Headquarters is in Kells, Co. Meath. Its Annual Budget is in excess of £100M.

The Role
Your role encompasses financial analysis of the Board's activities, overseeing budgets, review of management information, maintaining integrated financial and costing systems. You will have a responsibility in the purchasing process.

The Candidate
Applicants should be ambitious, capable and enthusiastic and have good analytical skills. A professional qualification in Accountancy is desirable, while a high degree of computer literacy and spread sheet skills are essential. The successful candidate will be given every support to pursue further studies and development programmes.

Application forms are available by applying in writing to the Recruitment Section, Personnel Department, Head Office, Kells, Co. Meath, Ireland.

The closing date for receipt of completed application forms is 5.00 p.m. on Friday, 3 March, 1995.

سكرا من الامم

PRIORITY

Financial Services Director

Paris

Competitive Package

Our client is a major US manufacturing and distribution public company with \$4 Billion turnover worldwide. To maintain its premier market position in Europe, it is currently undergoing a programme of business process re-engineering, implementing a European Financial Centre. We seek a key member of the management team to raise the profile of all financial services.

Reporting to and working closely with the European Finance Director, the challenges will be to:

- Manage the treasury function at European level, providing specialist expertise in cash and currency exposure management, local bank relationships, all in liaison with U.S. based treasury staff.
- Support the Sales/Marketing departments with an operational assets management policy, controlling dealer and distributor credit, and setting up retail sales financing.
- Supervise the Export Finance department.
- Support Purchasing in supplier negotiations, contracts and risk management on investments.

You will manage a team of 30 people, 20 of them being in the field.

The graduate candidates, probably in their thirties, should be treasury professionals, with at least 10 years experience in an international company.

Previous exposure to working closely with Sales and Marketing departments is necessary.

Due to the high profile of the role, excellent interpersonal and communication skills and a definitive hands-on approach are essential.

Fluency in English and French is required.

Interested applicants should forward a comprehensive curriculum vitae, salary expectation, quoting ref. AD811333 to Alexis de Bretteville, Michael Page International, 3 boulevard Bineau, 92300 Levallois-Perret, FRANCE. Fax: +47 57 39 18



Michael Page International
International Recruitment Consultants
London Paris Amsterdam Düsseldorf Frankfurt Hong Kong Sydney

Special Projects Manager

West London

£35,000 plus benefits

Our client, a multi-disciplinary service sector organisation, is currently in the process of selecting and implementing a fully integrated financial information system.

They require a qualified accountant to project manage the implementation and undertake other ad hoc assignments. You will need to have had experience of implementing financial systems and be able to liaise with non-financial managers.

The main project is likely to last 12-18 months, after which further project work or line management prospects are anticipated.

Interested applicants should send a C.V. or alternatively ring 0171-831 7393 quoting reference no. 3067 to:



John Silk
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden, London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

BANK OF ENGLAND

TRADED MARKETS TEAM

competitive package

The Traded Markets Team, part of Banking Supervision at the Bank of England, is seeking an accountant with direct risk management experience either in a trading or investment operation, or in reviewing risk models used by banks or securities houses.

This team has responsibility for reviewing the derivatives' activities of banks and the creation of policy on the capital required to support derivative positions. The team will be visiting most major banks in London to examine and understand how they model, manage and control the risks in this area.

The jobholder will need to make judgements about a bank's competence and expertise in monitoring the risks associated with derivatives. A clear understanding of the markets in which the banks operate and the ability to assess the quality of the risk control environment will be needed. The individual will be expected to learn about a variety of risk measurement models and to keep abreast of developments.

Suitable individuals are expected to have an excellent mathematical background, and wide knowledge and keen interest in financial markets to support their accounting and risk management experience. A knowledge of the Capital Adequacy Directive and an understanding of supervisory requirements would be advantageous.

The position is for a three year contract.

CVs should be sent by 28 February 1995 to

Julian Bishop, Personnel Division,

Bank of England, Threadneedle Street,

London, EC2R 8AH

The Bank of England is an Equal Opportunities Employer.



Chief Financial Officer

FOR

air Jamaica

A very experienced FCA or equivalent, preferably with extensive airline experience, is required to fill the vacant post of Chief Financial Officer. The position will initially be in Kingston but is expected to transfer later this year to Montego Bay. An attractive salary and benefits package will be offered to the successful applicant. Initial interviews will take place in London commencing March 14th. Short-listed candidates will be invited to Jamaica for further and final interview. Applicants who are interested in this post should write, enclosing a CV which would demonstrate their suitability for the post, and indicating current remuneration, to our consultants:

RMA Dept. A/E
PO Box 104
Dorking, Surrey RH5 6YN

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.
For further information please contact:
Joanne Gerner +44 171 873 4138

FINANCE DIRECTOR

Excellent package + Car

West London

Tetra Pak

Tetra Pak UK, part of the Tetra Laval Group are market leaders in liquid food processing and packaging systems. Following the recent promotion of our Finance Director we are now seeking a replacement who will be based at our new Headquarters in Stockley Park, Middlesex.

You will be responsible for the Finance, I.T. and Purchasing functions of the company. Principally you will manage the production of statutory accounts, treasury (including F.E. exposure up to £60 million), asset financing (including investment appraisal) and legal and tax planning for one major and four smaller companies.

We anticipate that applicants will have high-level commercial or industrial "hands-on" experience and be able to demonstrate visible achievements which highlight both their technical and managerial competence.

In return, we offer you the challenge to help steer an innovative and entrepreneurial company which is directed by its customer focus and is committed to significant growth through the development of its product portfolio.

In the first instance please write with full CV, including details of your current package to Ernie Watson, Personnel Director, Tetra Pak UK, 1 Longwalk Road, Stockley Park, Uxbridge, Middlesex UB11 1DL.

Law Firm

Based in Surrey, our client has a substantial reputation as a progressive, expanding legal practice with a first class client base and thriving company/commercial, property, litigation and private client divisions. With 12 partners, around 60 staff and 2 regional offices they now wish to recruit a Director of Finance and Administration who will form an integral part of the partnership's management team.

Reporting to the Managing Partner and leading a small department, you will have full responsibility for all aspects of financial and administrative management. The position combines practical involvement in day to day issues with proactive input to the future growth and development of the firm. Of initial importance will be the review and, where required, upgrade of financial and management information systems.



Touche
Ross
Accountants
International

Salary to c. £40,000 plus benefits

Candidates will be qualified accountants, ideally with professional practice/service sector experience. A hands-on approach is essential, together with sound staff management skills. Enthusiasm and excellent interpersonal abilities are necessary to enable a significant contribution to be made in a partnership environment. A good working knowledge of computerised systems is a prerequisite.

To apply, please send a comprehensive C.V. including remuneration details and daytime telephone number, quoting reference CRR 975, to: Christopher Rose, Touche Ross Selection and Search, Mountbatten House, 1 Grosvenor Square, Southampton, SO15 2BE. Tel: 01703 334124.



MANAGEMENT CONSULTANTS

FINANCE DIRECTOR/COMPANY SECRETARY

Required for a successful East Midlands-based company which is considering a flotation in the near future. The company is engaged in multi-function high and low volume design and manufacturing and has a blue-chip customer base. The successful candidate must:

- i) be a qualified accountant;
- ii) have experience as a finance director of a public company, preferably including experience of a flotation;
- iii) have at least five years experience in a manufacturing environment;
- iv) be available to start almost immediately; and
- v) be prepared to relocate.

Please reply with full C.V. and remuneration package expectation to:

Mr J A Barker, Artform International Limited
Bishop Meadow Road, Loughborough, Leicestershire LE11 0RE

Management Consultants

London

Competitive Salary + Car

Pannell Kerr Forster Associates is the consultancy arm of Pannell Kerr Forster, one of the leading UK firms of Chartered Accountants. It is currently expanding its IT and accounting consultancy in order to cater for the increased workload from its interesting mix of clients from both private and public sectors, and consequently seeks experienced managers and management consultants to join the team.

The consultants will be expected to play an integral role in assisting clients with the implementation of financial systems and change management issues. An understanding of recognised methodologies such as SSADM and PRINCE would be useful, but not essential.

Ideally, candidates will be qualified accountants, with "hands on" line management skills or at least three years management consultancy experience. They should be self motivated with proven project management experience and well developed communication skills. This role provides the ambitious candidate with the opportunity to develop his/her consultancy and practice development skills. Career prospects will be directly commensurate with success. Preferred age 30-45 years.

Interested candidates should send a CV, with current salary, quoting reference 4000/3 to:



worldwide

Carol Jardine, Principal Consultant
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House, 78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

DIRECTOR OF TAXATION

Placer Dome Inc. is a major international mining company engaged in the exploration, development and production of gold, silver and base metals. Our head office, located in Vancouver, Canada is seeking an extraordinary individual to lead our international tax management team.

You will be responsible for leading the Company's overall global tax planning. Ensuring that Placer Dome Inc. is properly organized to achieve optimal tax results will be your primary focus. You will play a key role in advising senior and regional management on the tax implications of business plans and, through careful liaison with regional management, make sure that such plans are optimally structured from a tax perspective. In addition, you will be responsible for the preparation and filing of tax returns/ elections for PDI and several of its Canadian subsidiaries. Significant international travel is involved.

As a seasoned professional, you possess an in-depth knowledge of international tax principles, treaties and ownership structures encompassing a minimum eight years' experience in international tax management. Your qualifications also include a post-secondary degree from an internationally recognized university supported by a C.A. or equivalent professional accounting designation (a commerce/economics degree combined with a law degree and tax specialization will also be considered). The ability to inspire and enrol support from others in developing and implementing creative solutions to complex international tax challenges is essential to success. Excellent interpersonal and communication skills, both written and verbal, complete your qualifications. Proficiency in a second language (preferably Spanish) would be a definite asset.

Among the rewards you'll enjoy as a member of the Placer Dome team are a very competitive remuneration package and a stimulating work environment.

Pursue this outstanding opportunity by submitting a detailed resume to: Human Resources, Placer Dome Inc., 1600 - 1055 Dunsmuir St., P.O. Box 49330, Bentall Postal Station, Vancouver, B.C. V7X 1P1. Fax: (604) 661-3703. We regret that we are able to respond only to those under consideration.

PLACER DOME INC.

Property Specialist

Audit & Business Advisory Services

PW in London

£competitive

Price Waterhouse serves a client list which includes many of the world's most prestigious organisations. Our London based Property Group advises leading property companies, advisory firms such as chartered surveyors as well as a wide range of businesses where property is an important part of their operations.

In order to further develop the range of our services to these clients, we are seeking to recruit a Chartered Accountant who has 3-5 years post qualification experience of the property sector. This could have been gained in a major firm of chartered accountants, business advisers or, alternatively, within a large property or related company.

The scope of your responsibilities at PW would include the provision of a broad range of audit and advisory services,

including acquisitions and flotations, and the further development of our property services to clients. Possessing a strong track record at your current organisation, you will be able to demonstrate a keen interest in and extensive knowledge of the property industry.

In return, we offer a competitive remuneration package and outstanding career development opportunities. Interested candidates should write with a full CV to: Charles Macleod, Recruitment Manager, Price Waterhouse, No. 1 London Bridge, London SE1 9QL.

If you require further information, please telephone him on 0171-839 3000.

Price Waterhouse



OFFICES IN LONDON - ABERDEEN - BIRMINGHAM - BRISTOL - CARDIFF - EDINBURGH - GLASGOW - HULL - LEEDS - LIVERPOOL - MANCHESTER - MIDDLESBROUGH - NEWCASTLE - NOTTINGHAM - PLYMOUTH - ST ALBANS - SOUTHAMPTON - WINDSOR - ASSOCIATED FIRMS IN IRELAND, THE CHANNEL ISLANDS AND THE ISLE OF MAN
Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business
MEMBER OF PRICE WATERHOUSE COOPERS GROUP OF COMPANIES



NORTHUMBRIAN
WATER

Commercial Accountant-Spanish Speaker-£neg.

Northumbrian Water is one of the largest and fastest growing private sector companies in the North East. It supplies over 2.7 million customers ranging from domestic consumers to large industrial users, and has a turnover in excess of £300 million.

Due to growing market developments, a need has arisen to recruit an additional Commercial Accountant. The Commercial Division is involved in large scale contracts and project management overseas and the Commercial Accountant will play a crucial role in the preparation of bids, the financial control and reporting of on-going projects and the representation of the Group's financial interests in overseas joint venture companies.

The position requires someone skilled in project investment appraisal, contractual and financial risk assessment, financial structuring, tax and currency protection and financial modelling.



Nigel Wright Consultancy
North Street Court, North Street East,
Newcastle upon Tyne NE1 8HD
Tel: 0191 222 0770 Fax: 0191 222 1780
including evenings and weekends.

Specialists in Financial Recruitment

MANAGEMENT

Geoffrey Lane yesterday won the Management Consultants Association/FT Management Essay Award.

The following are edited extracts

The Virtuous Organisation



True competitiveness depends upon desire and capability if it is to bring success. But where does competitive capability come from? Businesses have relied upon a combination of size, reputation, innovation and strategic assets such as favourable regulation or market dominance to protect their position. But these features are no longer enough. New inventions do not stay long in the exclusive ownership of their discoverers. Reputations have suffered from criminal activity, sheer incompetence and unrealistic expectations; restrictive regulation has declined rapidly; size has always been overrated.

John Kay suggests that there is another leading source of capability which he describes as an organisation's "architecture". This is the set of relationships, both internal and external, that the enterprise has generated through its past activities. This network forms a distinctive capability by virtue of its uniqueness. When added to whatever other distinctive capabilities the company may hold, i.e. reputation, innovation and strategic assets, it produces an entity that competitors would find difficult, if not impossible, to replicate. This set of distinctive capabilities becomes competitive advantage when it is applied to an industry and brought to a market.

Many [organisations] have tried to unite the workforce behind a common goal, expressed in a mission statement, which attempts to explain what the business' aims are and how it differs from its competitors. They have wasted their time and money. Organisations are complex and ever-changing. The statements I have seen do not cope with these intricacies. The best are anodyne and the worst a costly embarrassment to their sponsors.

A more profitable question to address is why a business exists at all. Organisations are no different from people. Both desire to live long and well, doing some good along the way. They have the same basic needs for security, safety and a sense of belonging. They also desire to fulfil their potential, seeking growth, admiration from peers and justifiable self-respect.

How many organisations state openly that admiration and longevity are their measures of success? How many could claim that their strategies, structures, systems and practices fully support these aims, across the whole spread of their relationships, especially the workforce?

Perhaps not many yet, but I sense that a new kind of organisation is emerging.

This organisation pays great attention to all of its relationships,

seeking long-term bonds. Its strategies are focused towards the long-term, and in the meantime it makes its values, principles and policies clear so that the relationship holders can understand the kind of organisation they are connected to, where it is likely to

Organisations are no different from people. Both desire to live long and well, doing good along the way

take them and what value they can expect to gain from their association. This is the first step towards what I call the virtuous organisation. Its aim is to add value to itself to sustain its life. In doing so it imparts value to its relationship holders. I regard added value as more than a financial

issue. What is of value to the receiver may cost the provider little or nothing. This organisation is constantly seeking ways of generating a better return from all of its attributes. As organisations begin to take a more enlightened approach to providing what the relationship holders regard as value, they will modify their business strategies, definitions of success and the reporting and accounting methods used to communicate the results.

The organisational structure is another area for attention. Competitive forces have produced slimmer and flatter structures with reduced costs. But have attitudes changed? Management is still "on top" with employees at "the bottom". The structure I would advocate resembles a gyroscope. The slim central core gives its spinning disk both balance and support. The faster the disk spins the greater its stability. The disk

represents the local operating unit comprising both employees and managers working together on the same plane.

The task of local management is to lead the operating unit through programmes of continuous improvement, rooting out waste of

The virtuous organisation is not a soft place to be. It deals in realities, honestly and openly

every kind, material, capital, time, talent and opportunity.

This type of manager takes risks particularly with people of perceived ability. His or her role is to communicate, persuade and influence. Their obligatory routines are negligible. Skills of observation, listening, questioning, challenging

and consulting will have much higher priority for future managers. They will be coaches and counsellors whose authority is founded in a respect for their achievements, skills and personal qualities rather than their status. This manager will play a strong role in influencing change for the whole organisation by feeding back information and opinion to the centre. Employees will have an increasing role to play in assessing the performance of their managers.

Loyalty in the workplace needs to be better understood. It is a mutual self-interest constantly reaffirmed over time.

This may take the form of a series of short-term legal contracts, promotion, or performance and pay reviews within long-term contracts. These are not the only issues that can reinforce or undermine loyalty. It is often the small things that weaken the bonds, usually the way people are treated. Most of us are motivated by pride and value our reputations highly. Failure to give recognition for achievement and effort is probably the biggest failing of management. Concentrating rewards on results alone distorts behaviour and disturbs the balance between short-term needs and long-term aims. If targets are not capable of being expressed in ways that include values and quality, then don't set them.

The virtuous organisation is not a soft place to be. If anything it is tougher than many because it deals in realities, honestly and openly. It is not afraid to admit its mistakes, but does not dwell on them. It does not promise what it cannot deliver but it does deliver on its promises. It impresses at each point of contact, internally and externally. It has courage and an integrity at all levels that leads it away from relationships that are ultimately harmful and towards those that will be mutually beneficial. It is able to articulate its aims, a sense of purpose, principles and direction and ensures that these relate closely to human values. It then rigorously checks its strategies, structures, systems and practices to ensure that they are in harmony. It pays attention to all of its relationships at the same time, with constancy, not waning one or the other disproportionately at each turn of the corporate wheel of fortune.

Today's competitive position is the result of past investment in the network of relationships and strategic assets a company holds. The future depends on the choices being exercised now.

"Foundations of Corporate Success, Oxford University Press 1992"

The top six essays are available from the MCA, 11 West Bank St, London SW1X 8UL. £5 inc p&p.

John Authers on a theatrical way of improving customer service

Footlights for flight crew

Actors might not seem to have much to offer on the awkward topic of managing an aircraft flight. Yet British Airways recently took the decision to draft in theatrical expertise to help train its aircraft cabin crew.

BA's Breakthrough training course will include a link with the three-day "Mastery" course, developed for actors by the Actors' Institute, a drama school which now also offers corporate training. All the cabin staff and managers, who lead BA's internal training course, must first submit themselves to the Mastery.

Participants are encouraged to come to terms with their innermost fears and desires by talking about them to the rest of the group - who might all be total strangers. Revelations can be personal, but participants must sign a pledge of confidentiality about what they hear.

The workshop can often appear like madness, with people screaming as loud as they can and clawing the ground to exhibit their anger. In the course of it, they vent their rage and frustration, channel it and learn to look their audience in the eye. None of this seems particularly relevant to air travel, but the mastery of inter-personal skills and self-confidence could be vital for improving client service, especially given the common criticism that cabin staff appear wooden and jaded. BA's aim is to create an image as an airline which treats its customers as individuals.

Adaptations of the course for BA have been minimal, even though in many cases the participants will already know each other. But the aim is to foster team spirit, with colleagues having less to hide. According to Christine Kimberley, an institute director, people can be "witnessed in their truth and not be humiliated by it".

The central philosophy of the Mastery - that people use too much of their energy holding in anger they would rather let out - has applications for corporate training.

According to Mac Andrews, another director of the institute:

"Actors need to find as many resources within themselves as possible to be whatever they need to be in a particular environment. That might just be taking on a new role in a new play. But it could also be in the workplace."

John Ackland, director of BA's programme, says: "This job is about being spontaneous, and sometimes that can be very difficult. If you've got 400 meals to serve to people in a two-hour flight, that's very difficult, but you can find ways of doing that and being an individual, and treating everyone as an individual."

He said the kind of techniques gained from the Mastery "help cabin staff be themselves".

The Breakthrough, compulsory for all the airline's 10,000 cabin crew, is less intimate than the Mastery, and includes sessions asking staff to think and talk honestly about their perceptions of the company and how they want it to change.

They are also required to discuss looking after themselves, managing stress and self-esteem, all in the context of spending an intensive amount of time together for three days - as will often happen during the job. There are also sessions looking at communicating with other people, spontaneity and writing and receiving feedback - all of which move close to the world of the actors' workshop.

BA is also introducing a package of measures to encourage their staff to be positive about themselves, and to look and feel happy - vital in a service industry. This includes paying for voluntary courses, on top of the compulsory Breakthrough, which can be taken in employees' own time, in an attempt to offer them opportunities to relax and be happy.

These include long weekends at hotels and country houses being taught about such topics as aromatherapy, massage, relaxation and methods of stopping smoking. According to Ackland: "They are all directly related to an individual's well-being in one way or another. And that's directly important to someone in the service industry."

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ARTS

Culture faces cuts in Canada

As its popular orchestra visits Europe, Antony Thorncroft discusses the funding crisis in Ottawa

Next week NACO hits Europe - which does not immediately strike home as the most staggering arts event of the year. Even when the initials are converted into the National Arts Centre Orchestra - of Ottawa - in Canada, the senses stay underwhelmed.

But the NACO, under artistic director Trevor Pinnock, conductor and harpsichordist, has its fans. Its 1990 European tour was such a success that promoters clamoured for its return. Unlike many visiting orchestras it is of chamber size, and offers works like Mendelssohn's Scottish and Schubert's Third which, according to Pinnock, are rarely toured. And in his four years in charge Pinnock has raised its range and reputation.

Its absence from Canada is timely. During its three week tour (opening in Vienna on Tuesday and reaching Newcastle on March 10 and the London Barbican on March 12) decisions are likely to be announced in Ottawa which threaten the future of the arts in a country which has traditionally shown great reverence towards their value and importance.

The Canada Council, the equivalent of the Arts Council of Britain, will hear this month whether its annual grant of just under \$500m (around \$600m) will be reduced by 3, 5, or 8 per cent. With the Canadian government determined to balance its budget the arts are regarded as an easy and obvious victim.

Just two years ago the Canada Council suffered a 10 per cent reduction in grant. Over the last decade its funding has fallen by around 30 per cent. In preparation for another year of the council has been drawing up a plan which will earmark arts activities it regards as essential, and the areas likely to be cut.

It is an exercise with global relevance as, in nation after nation, the subsidised arts take a back seat to health, education and welfare as governments confront their deficits. Although the arts councils in the UK did comparatively well in November's grant allocation, events in Canada may be replicated in a couple of years time when the flow of National Lottery money to the arts will pressure the British government to cut annual funding.

The Canada Council's decisions might surprise some. It will probably concentrate its smaller budget on individual artists, the creators. It already makes thousands of personal grants, many as high as \$35,000 a year. "If we do not support individuals we will have no spring of fresh talent," says Brian Anthony, the associate director of the council.

As in England, it is the big companies - the Canadian Opera, the symphony orchestras in Toronto, Montreal, etc., the National Ballet and the Stratford Ontario Festival - that cause most concern. The top 25 companies consume over \$620m a year yet for many of them - notably the Toronto Symphony, the Canadian Opera and Stratford Festival - Canada Council subsidy is less than 10 per cent of their income. There is talk of the big companies following the Australian pattern and being hived off to a different funding body, be it central government, the provinces, or a mixture of both.

The council seems adamant that its reduced resources will go to the young, the new and the emerging. The visual arts have lost out in the past and will be compensated, and theatre and dance, with rising audiences, seem likely to take priority over opera and classical music, despite the fact that the orchestras, especially the Toronto Symphony, are in a parlous state. Grants will also be concentrated on the work of Canadian artists: companies presenting non-Canadian work will be penalised. And administration - which takes up a staggering 20 per cent of the budget - and training will suffer the deepest cuts.

The NACO, which is funded directly by the government, will escape the Canada Council's strategic plan - but not a cut in its funding. The National Arts Centre in Ottawa was built in 1969 to give Ottawa, and Canada, a national showcase. The building is depressingly grey and featureless like the Barbican, but inside the orchestra and two permanent drama companies, one English, one French, produce high class performances, helped by lavish



Handing over the baton: Trevor Pinnock, artistic director of the National Arts Centre Orchestra of Ottawa

Concert Darting the Skiff

What's in a name? Quite a lot, it seems, if having lived with one for only six years you feel the need to change it. The Docklands Sinfonietta was only formed in 1989 and has already attracted much favourable attention for its stimulating programmes of challenging but not impenetrable contemporary music alongside more mainstream, if still somewhat offbeat, repertoire.

Maybe the orchestra felt that too close an identification with what, despite the hype, is still really a London suburb, invited a change of insularity, or that the designation "sinfonietta" implied a slightness about its aims.

Happily, fears that its current identity crisis might affect the quality of its concert-giving proved unfounded. On Tuesday at the Queen Elizabeth Hall, in its new guise as Sinfonia 21, it showed no signs of insularity or of any lack of imagination. Its choice of repertoire - a London premiere, a Polish 20th-century classic, and reworkings of familiar masterworks - was as Catholic as ever, and its performance, under its new principal conductor, Martyn Brabbins, was a commendable match for the demands of the music.

The London premiere was John Casken's *Darting the Skiff*, which received its first performance by the Northern Sinfonia under Heinrich Schiff at the 1993 Cheltenham Festival. A line by Gerard Manley Hopkins ("You'll dare the Alps? you'll dart the skiff?") suggested its general mood which, unusually for Casken these days, is largely one of meaningful vigour, though the slow, expressive central section brings to mind the dour, northern introspection of Casken's recent work, notably the Cello Concerto and his 1993 Proms commission, *Skill Mine*.

With its relish for the sensuous properties of its 24-piece string orchestra, *Darting the Skiff* belongs obviously in the great British string tradition of Elgar, Vaughan Williams, Britten and Tippett, yet as the work immediately following it made clear, it owes as much to 20th-century central European trends and to post-war musical developments as it does to the Cello Concerto and his 1993 Proms commission, *Skill Mine*.

Similar intricately woven string textures pervade *Lotus*, a haunting song-cycle, *Parables*, a classic example of new music that challenges without alienating. Thomas Randle delivered the eloquent tenor part with darkened authority though, ideally, a greater range of vocal colour would have made *Lotus*'s ravishing vocal writing even more expressive.

Greater subtlety would also have been welcomed in Randle's full-blooded interpretations of arrangements by Britten and Tippett of four Purcell love songs, a refreshing interlude before a weighty reading of Beethoven's penultimate string quartet, Op. 131, in a version for string orchestra by Leonard Bernstein.

Apart from the addition of double basses the music itself remains unchanged. Even so the richer sonority emphasised just how far Beethoven's late quartets were ahead of his time and also - it must be said - of ours.

Antony Bye

Theatre/Alastair Macaulay

'Bearing Fruit' proves barren

Whimmi... That women playwrights should have equal opportunities is all well and good. That fewer women than men write for the theatre at present may be a matter of regret. That an important London theatre - Hampstead Theatre - should go out of its way to compensate for this imbalance is tokenism gone silly.

Most of the 1200-odd scripts received each year by Hampstead Theatre are by men. So what do the theatre's artistic director and literary manager do? They commission several women playwrights to contribute short plays to the current programme, which is called *Bearing Fruit*. The theatre will follow this with three full-length plays by women playwrights. We are informed that it now has more women playwrights on commission than men. Does all this discriminate against the male majority of the 1200, or what? Give the jobs to the girls! (This from the theatre which turned down the all-male *My Night with Reg*.)

Since I was praising Phyllis Nagy, only last week, above any male playwright who has emerged in the 1990s, I do not need to defend myself from any charge of sexism or misogyny on this score. I grant that it is perfectly possible that the women playwrights of today are superior to their more numerous and/or more prolific male counterparts; and equally possible that some theatre directors and/or literary managers are deaf to the importance of these new female voices. I certainly believe that several male theatre critics have been remarkably slow to respond to the talents of Nagy's talents.

Only one of the five plays of *Bearing Fruit*, however, is good. Even that, Lavina Murray's *Passing Off*, is virtually a Victoria

Wood sketch: funny, up-to-date, satirical, with an unhappy ending. The role of Helen - whose husband Mark has become not only a transvestite but also her clone; all this emerging on their daughter Chris's wedding day - might have been written for Julie Walters. The fluctuation between humour and poignancy is very finely managed.

The rest of the evening is thin, and at times so dull that it does the opposite of what it intends - i.e. turns an observer, at least temporarily, against women playwrights. Part of the thinness and dullness are caused by the director, Deborah Paige,

Hampstead Theatre has gone out of its way to compensate for fewer female playwrights

who allows several of the actresses involved to give performances too precious and monotonous.

Dark Afternoon Tea, by Hanan Al-Shaykh, tells us more about two middle-aged Lebanese emigrants living in this bridge we call London than most of us will want to know. *An Epic Ouch*, a regrettably artificial little soliloquy about pregnancy by Sara Sugarman, is acted by Helen Baxendale in what sounds like a Dutchwoman's idea of a Welsh accent; in this and other respects, her performance is, alas, as contrived as the play. The line "Don't you dare be blest when me and mine is wretched" is pretty typical of the script.

Good lines abound in Meredith Oakes's *Mind the Gap*. "That woman is so sadistic

cally unpretentious," remarks Ginny, a repressed and repressive upper-middle-class wife and mother and by far the play's most loquacious character. Ginny is taking her son, Lawrence, to the psychoanalyst for the first time, and is most unhappy. "A history of instability closes doors, Lawrence. Try getting a mortgage!", she tells the poor 14-year-old. She starts to explain the merits of the much-maligned Oedipus complex, and finally tries to force Lawrence to solve their problems by saying "Mummy, I love you forever." What a hoot! Yet we don't hoot. It is another School of Victoria Wood sketch (Ginny should be played by Celia Imrie), but the way it teeters between satire and pathos proves tentative, even evasive.

Helen Edmundson's *Covering Carol*, also about the dire influence of mothers on their offspring, is far from evasive. Kathryn's mother herself dogged by her mother) is so obsessively determined that Kathryn must play the Virgin Mary in the school pantomime that she wrecks her own marriage and kills a rival mother. It's like a Ruth Rendell story; but Edmundson's pithy, stylised, un-Rendell dramatisation is too oblique to have real force.

Geraldine Pilgrim has created a single bland set for all five plays. Each of the eight actors plays two or more roles during the evening. There are first-rate performances from young Tim Matthews, especially as the angry but insufficiently Oedipal Lawrence, and from Nicola Redmond, notably as Helen the bride's mother and transvestite's wife. Mark Drewry and Kate Ashfield also do fine work. That the playing elsewhere is less substantial need not be blamed on the actors.

At Hampstead Theatre, NW3, until March.



An exception: Kate Ashfield in Lavina Murray's satiric 'Passing Off'

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 8345
● Royal Concertgebouw Orchestra: with soprano Sylvia McNair, André Previn conducts Debussy, Roussel and Ravel; 8.15 pm; Feb 22, 23
● Royal Concertgebouw Orchestra: with soprano Barbara Hendricks, André Previn conducts Harrison, Previn, Barber and Copland; 8.15 pm; Feb 18, 19 (2.15 pm)
GALLERIES
Rijksmuseum Tel: (020) 673 21 21
● UKYO-E: the finest Japanese prints; from Feb 18 to May 28

BONN

GALLERIES
Kunst-und Ausstellungshalle Tel: (0228) 9171 236
● Under the Volcano Antiqua Masterpieces: second in the 'Great Collections Series', this exhibition represents a modern 'excavation' from among the 200,000 works of the Museo Archeologico Nazionale di Napoli that includes statues,

freecores and ceramics; from Feb 17 to Jun 5 (Not Mon)
● Wunderkammer of the Occident: a journey through the history of European museums and collections, with more than 2,000 objects that have been collected by Europeans since the Renaissance; to Feb 26 (Not Mon)

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta with pianist Stephen Kovacevich and soprano Faye Robinson to play Beethoven and Tippett's, 'Symphony No 3'; 7.30 pm; Feb 17
● Sorry I Forgot Valentine's Day: if you missed Valentine's Day, Paul Wynne Griffiths conducts the London Concert Orchestra and pianist Sarah Beth Briggs to play another evening of romantic classics; 7.30 pm; Feb 18
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta in a programme that includes the world premiere of Tippett's, 'The Rose Lake'; 7.30 pm; Feb 19
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta and violinist Midori to play Stravinsky, Sibelius and Tippett's Symphony No. 4; 7.30 pm; Feb 23
● Festival Hall Tel: (0171) 928 8800
● Novosibirsk Philharmonic Orchestra: with pianist Paul Crossley and bassist Anatoli Saffulin. Arnold Katz conducts Prokofiev, Shostakovich and Rachmaninov; 7.30 pm; Feb 20

● The London Philharmonic: Zubin Mehta conducts Schubert, Berg and Elgar; 7.30 pm; Feb 23

GALLERIES
Tate Tel: (0171) 887 8000
● Willem de Kooning: a major exhibition featuring over 70 paintings drawn from private and public collections worldwide; to May 7

OPERA/BALLET

English National Opera Tel: (0171) 632 8300
● King Priam: a new production of Tippett's opera that opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 17
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 22
● Rigolotto: Jonathan Miller's updated version of Verdi's opera where the duke is a Mafia boss; 7.30 pm; Feb 18, 23
Royal Opera House Tel: (0171) 340 4000
● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anne Tomowa-Sintow as Prinzess von Werderberg; 6.30 pm; Feb 20
● La Bohème: by Puccini. Conducted by Simone Young/ Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/ Amanda Thorne as Mimì and Maria McLaughlin/ Judith Howarth as Musetta; 7.30 pm; Feb 21, 23
● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten

'mini festival' at the Royal Opera; 7.30 pm; Feb 17, 22

THEATRE

National, Olivier Tel: (0171) 928 2252
● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quillan as Falstaff and Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford; 7.15 pm; Feb 17, 18 (2 pm), 20
Royal Court Tel: (0171) 730 1745/ 2554
● The Libertine: by Stephen Jeffreys, directed by Max Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester; 7.30 pm; to Feb 18

NEW YORK

GALLERIES
Guggenheim Tel: (212) 423 3552
● Ross Bleckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; from Feb 17 to May 14
OPERA/BALLET
Metropolitan Tel: (212) 362 8000
● Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm; Feb 18 (1.30 pm)
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Flear; 8 pm; Feb 17, 22
● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco; 8 pm; Feb 21
● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by

Nello Santì; 8 pm; Feb 18, 20, 23

PARIS

CONCERTS
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Myung-Whun Chung: conducts the orchestra and choir of the Paris National Opera to play Beethoven; 8 pm; Feb 21
GALLERIES
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For more than 50 years, British executives have argued that small UK companies often fail to grow because they lack financing from banks and traditional venture capitalists.

This week's launch of the Alternative Investment Market (AIM) by the London Stock Exchange is the latest attempt to attract equity into dynamic young UK companies.

But the initiative also reflects a recognition that Europe badly needs the equivalent of the US-based Nasdaq - the highly successful market that focuses on fast-growing companies.

The AIM will replace the Unlisted Securities Market, which recently lacked both new entrants and investors, and should appeal more to capital-hungry companies than the USM because it will be open to entrants with no track record. It will also be tightly regulated, which should attract the investors needed to provide the liquidity the USM lacked.

Small companies have found it even harder to find equity capital in continental Europe than in the UK. Despite the existence of second-tier markets, such as the *Second Marché* in Paris and the *Merito Ristretto* in Italy, Europe has largely failed to direct private savings into small companies in the form of equity.

The European Commission is slowly recognising the case for a second-tier market similar to Nasdaq. "Stock markets for fast-growing companies are a key element in the chain of financing mechanisms for innovative growth companies," the EU's Strategic Programme for Innovation and Technology Transfer (Sprint) said last year.

In response, the European Association of Securities Dealers (EASD) was set up last November by stockbrokers, the European Venture Capital Association and representatives of the Paris Bourse; it aims to launch a Europe-wide equivalent of Nasdaq - called Easdaq - late this year.

At the same time the Paris Bourse has announced plans to set up a new market for small companies that have no track record or are too young for listing on the main market. A committee of French market professionals and government representatives is expected shortly to clarify whether the Bourse will implement this plan even if Easdaq takes off.

Mr Jos Peeters, managing director of Capricorn, a Belgian venture capital company and an architect of Easdaq, says there is room for both a



Help for the young

Richard Gourlay on easier capital for small companies

New pan-European market and AIM. "Easdaq is positioning itself as a primary market for high-growth companies with international ambitions," he says. "AIM does not have the pan-European element I think is essential for the development of this market with sufficient liquidity and companies."

In launching London's new market this week, Mr Michael Lawrence, the Stock Exchange chief executive, said he thought Easdaq faced an uphill struggle. Apart from regulatory issues and problems of accounting, Europe did not have a "common equity culture", he said.

This argument may be overdone. Mr Peeters says there are private equity investors in Europe, but they lack access to a European market like Nasdaq, run with full disclosure of information and adequate liquidity.

"I know of European stockbrokers who participate in every initial public offering on Nasdaq for their private clients," he says. He recalls a small stockbroker in Aalst, Belgium, who last summer raised a \$20m convertible bond for a local company, Lernoud & Hauspie Speech Products, from 1,000 private investors.

The EASD has started raising the Eucum it needs to finance the new Europe-wide market until it breaks even.

But even before its launch its shadow has fallen over the London Stock Exchange's new market initiative. The Exchange originally said it would replace the USM with an

unregulated market. But announcing AIM's rules this week, the Exchange has stolen Easdaq's clothes by focusing AIM on growth companies and making the market relatively highly regulated.

But which companies will float on it and will they attract investors? One category includes companies such as Oilfield Systems, a young Winchester-based company making software that helps the oil and gas industry pinpoint reserves. Annual sales are only \$800,000, but the company made a crucial sale to BP in December and wants substantial new capital to bring its products to market faster.

The Stock Exchange is hoping AIM will also attract companies in the UK regions that need to raise smaller amounts of capital and can perhaps already identify local investors.

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But even before its launch its shadow has fallen over the London Stock Exchange's new market initiative. The Exchange originally said it would replace the USM with an

graduate to a full listing on the London Stock Exchange. The USM will close its doors at the end of 1996 although AIM opens for business on June 19.

There are also over 300 companies which are already trading under the Stock Exchange's Rule 4.2 that allows matched bargain trading. The Stock Exchange plans to end this facility on June 30.

Signs of this are already evident in the EU's negative stance on the opening of its market to goods from the east. Present agreements with central and eastern European countries allow for extensive "safeguards" on imports and virtually exclude from trade with the Union important sectors of their economies. This reflects an attitude more concerned with the dangers than with the opportunities of economic integration.

A recent document by the socialist group of the European parliament in Strasbourg underlines this cautious approach. It favours a policy that would accept "the opening of markets and competition" but would also be "gradual and comply with the rules of the game" as a means of attaining

the launch of revitalising national small company exchanges. Companies such as Oilfield Systems now have few options for raising equity. But by the time they are ready for quotation on the new AIM, they could find they have a choice of markets in Europe.

Europa: Carl Bildt Count the benefits



The great issue in the European debate in the next few years will be how to enlarge Europe's institutions to include the nations of central and eastern Europe.

Although much of a general nature has been said on the issue, the debate has been short on specifics. But as we take the first steps towards enlargement, specific questions will become increasingly important, raising the risk that disagreement over details could block or bring to a halt the entire process.

We can already see concerns emerging over the pressure for further substantial reform of the Common Agricultural Policy to accommodate central and eastern membership of the European Union. As these worries are likely to grow in coming years, the early political enthusiasm for enlargement might well wane and be replaced by the defensive attitude seen too often in the past.

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ing "social consequences" in the eastern countries and in the EU.

It is generally accepted that the EU's eastern enlargement is necessary to extend stability and security into central Europe and the Baltic states. But there is a considerable risk that the enormous economic benefits will be neglected in a debate increasingly dominated by fears of change.

Both theory and experience demonstrate the benefits from the freeing of market forces and lowering of trade barriers. In the case of eastern Europe, such benefits may be larger than normal, since the process will bring the integration into the European single market of economies that are more advanced and flexible than many people realise.

After the early losses of output in immediate post-communist transformation, growth has now resumed across central Europe and the Baltic states. These countries will probably experience growth in coming years well above that of most regions of the EU. As they move to accept the laws and regulations of the single market, a combination of flexible economies and prudent fiscal policies will make some of them extremely competitive and very attractive as production sites.

States with successful records of economic transformation, such as the Czech Republic and Estonia, will be in an excellent position from which to benefit from the advantages of the single market. In addition, they will have fewer difficulties than many current members in adhering

to the convergence criteria for monetary union laid down by the Maastricht treaty.

Assuming that those policies are maintained and that a neo-socialist backlash of the sort seen now in Hungary can be prevented, such countries will probably be viewed in a decade's time as more successful and promising than some existing members.

A massive freeing of markets creates potential benefits for the whole EU. But these advantages will be realised only if western Europe takes necessary steps to improve its own flexibility, particularly at the micro-economic level. Much debate has focused on the need for macro-economic convergence among the EU states. But convergence in terms of the flexibility at the level of individual enterprises and before the beginning of the 1996 inter-governmental conference on revising the Maastricht treaty. If we are able to remove the rigidities hampering our development, even conservative estimates are likely to show enlargement will bring significant long-term advantages for all of Europe.

We need weapons to counter the special interest groups that will be trying to slow down or stop enlargement. A second Cecchini-style exercise could provide such an instrument. The first report gave political momentum to the development of free markets in western Europe. A second one could spread the process across the whole continent.

The author, Swedish prime minister between 1991 and 1994, led the Moderate party in the Swedish parliament

would bring had an important influence on increasing its acceptability.

The European Commission's report in 1989 drawn up under the stewardship of Paolo Cecchini estimated that the single market programme would give Europe a medium-term boost of 4.5 per cent of gross domestic product. These findings had a crucial impact in helping create political support for necessary decisions.

Seven years later we need a similar study on the economic consequences of enlargement. The Commission is already working on a white paper on the subject, to be discussed at the next European summit in June, but a broader analysis is required to show the full benefits for the continent as a whole.

My suggestion is that the Commission should appoint a high-level panel of economists to report on the consequences of extending the EU to central Europe and the Baltic states. Such a report should be drawn up by the end of the year, up by the beginning of the 1996 inter-governmental conference on revising the Maastricht treaty. If we are able to remove the rigidities hampering our development, even conservative estimates are likely to show enlargement will bring significant long-term advantages for all of Europe.

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be sent to +44 171-873 5938 (please set fax to "line"). Translation may be available for letters written in the main international languages.

Consistency in S Korean move into EU

From Dr Michael C. McDermott. Sir, During the late 1980s a number of South Korean companies established their first plants in the European Union. The timing of these investments invariably coincided with the imposition of anti-dumping duties - the stick.

Your article, "Big gamble on a European thrust" (February 10), asks if "the stampede abroad by South Korean corporations is brave or foolish". I would suggest that it is neither. Instead, it is an indication of flexibility and intelligence. Moreover, the move into

Europe is entirely consistent with the well-known strategic intent of these corporations (for example, Daewoo, Hyundai, Kia, LG, Samsung, Saeng-gyong, Sunkyoung) to become global leaders. Booming markets in east Asia and the strong yen afford an ideal opportunity for their international expansion.

It now seems likely that large South Korean companies and their suppliers will increase substantially their presence in the EU. Surely, it should be evident to all that this large market is sufficiently

attractive to companies - irrespective of nationality - for inward investment to occur without providing financial incentives (the carrot) to investors.

It should also be remembered that the net benefit of inward investment needs to take into account the impact on competitors. Of course, the EU should welcome inward investment, but a strong Korean presence in the EU represents another force that indigenous companies and other foreign investors need to be mindful of. Moreover, it is the

Japanese that seem to have recognised the benefits of competition through co-operation with the Korean giants (for example, Honda and Daewoo). By complaining of dumping and accelerating the internationalisation of Korean players, perhaps it is the actions of European corporations which may be best described as "brave or foolish". Michael C. McDermott, Strathclyde International Business Unit, Strathclyde University, 173 Cathedral Street, Glasgow, Scotland, UK

Too hard to understand

From Mr Roger A. Bartlett. Sir, I refer to your article "P&G sues Bankers Trust over more swaps" (February 7). This story will run and run - perhaps "BTgate" could be used to describe this saga, given the tape recordings now revealed.

On a more serious note, I believe all of those wishing to participate in the financial derivatives markets require a much greater understanding of the costs and benefits of these instruments. For example, at this company I decided against entering into such contracts, despite their apparent attractiveness. My decision was based both on the way in which they were presented to us and our (admitted) lack of understanding of the full implications.

Common sense seems to be sadly lacking as fear of being caught out by doing nothing in a volatile market overcomes all rational behaviour.

I do not know who is to blame for this, but does it really require all that much effort on the part of those involved (sellers and buyers) to make a genuine effort to understand the contracts they are writing? If it takes a mathematical genius to understand it all, then I for one will have to wait until it can be clearly explained to me in simple terms before signing any such "all singing, all dancing" solutions.

Roger A. Bartlett, finance director, Capgem, 6 Shanton Way, DBS Building Tower Two, Singapore 0106

Special TV and film policies for Europe

From Ms Carole Tongue MEP. Sir, Your paper has long maintained that TV programmes and films are like any other product on the market. They are not. They are part of our cultural heritage which affects people's hearts and minds through the most powerful medium in the world - the screen.

With the current expansion of new technologies in the industry there is the potential for creating 1m extra jobs in the audiovisual industry in Europe. This will only happen if we have mechanisms like the EU television without frontiers directive (which will strengthen the European programme industry and increase the circulation of programmes between European countries through a broadcasting and

investment quota) and the media programme to promote training, marketing and distribution of Europe's audiovisual programmes and films.

National support is also required. At present, Europe's terrestrial TV channels carry a mix of national and US programmes, with only 8 per cent of their programmes from other European countries. For example, Channel 4 only showed five European documentaries in 1994.

Let us create space for European programmes to circulate, enhancing our culture, increasing mutual understanding and creating thousands of jobs in our creative arts. Again, broadcast and investment quotas are ways to encourage this. They are needed for a transitional period of up to 10 years to provide a breathing space for the

European industry to restructure and for investment to be stimulated. European industry might then be able to take on the might of the US companies, which are able to sell their films in a secondary market at a 10th of the cost it takes to produce quality European drama and documentaries.

In a situation of imperfect market competition, special policies are required to ensure that all Europe's voices are heard and all Europe's stories are told, and that Europeans gain economically and culturally from an ever-growing industry.

Carole Tongue, PES spokesperson for culture and media policy, European Parliament, Strasbourg, France

Top companies favour harmonisation

From Mr Edmund Thompson. Sir, How refreshing to have some evidence from Mr Stefano Micossi (Letters, February 16) in answer to the misleading assertions of Tim Melville-Ross, director-general of the Institute of Directors (Letters, February 2 and 14). Perhaps I could offer some more from the 150 or so interviewees about Europe I have just completed with chief executives of the UK's top 1,000 companies.

The majority indeed welcomed the opportunity for "less regulation" than European harmonisation in fact offers, fully recognising it to be preferable to individual countries setting standards in their own, usually protectionist,

"national interests". While few thought influencing EU legislation to be easy, most regarded it as vastly more efficient than trying to lobby several separate national legislatures.

Furthermore, Commission directorates are reportedly receptive to sensible input on the key technical and competitive implications of legislative proposals, and keen to have business views direct from companies rather than from so-called representative groups, such as the IoD.

The Commission is apparently aware that such groups are rarely as representative of business as they pretend and that their commercial expertise seldom extends beyond an abil-

ity to sell memberships in order to pay secretariat salaries. Of the directors interviewed, the vast majority were not IoD members. The few that were seemed to regard it more as a conveniently located club than a representative body.

So even if the IoD has a smattering of members from an "entire spectrum of UK business", it is presumptuous for its director-general to claim his views on Europe are "broadly representative of business as a whole". Edmund Thompson, doctoral researcher, London School of Economics, B212 Columbia House, Houghton Street, London WC2A 2EA, UK

Achieving success through superiority - but by what means?

From Mr Nicholas Kydd. Sir, Having begun your piece on Mexico ("Perspective on a panic" February 11/12) by quoting General Porfirio Diaz, perhaps when you come to Chile

you will lead with something from General Augusto Pinochet. For the Chilean example may, as you say, show "that success is possible in Latin America if a country sticks to

superior policies over long periods": but would that not be owing, in large part, to the putsch led by General Pinochet, and the decades of dictatorship and repression that fol-

lowed? A tout seigneur, tout honneur. Nicholas Kydd, 1 rue François Bonvin, 75015 Paris, France

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Friday February 17 1995

Mr Yeltsin's confusion

Once again, President Boris Yeltsin has given his own people and the outside world, a whole host of conflicting signals in his state of the nation address to the Russian parliament. Anyone looking for a clear sense of direction is bound to be disappointed.

On the economy, he insisted that Russia must create a favourable climate for foreign investment, and integrate with the outside world. But he also said that the creaking system of state farms and factories needed continuing protection. On the political front, he admitted that the military campaign in Chechnya had been bungled, but he did not apologise. Rather, he continued to justify the action, and he did little more than rap his military commanders over the knuckles, while calling for heightened combat readiness. His defence minister, General Pavel Grachev, whose job was supposed to be in question, took the remarks as an invitation to urge more military spending.

It is obvious that Russia today is not a place in which one can tell where the government is going from one day to the next. Mr Yeltsin seems to be driven simply by his determination to remain in power. He shows no real understanding of the reform process on which he is supposed to be embarked, but does just enough to keep his western benefactors at bay. It is clear that the reform process needs his personal commitment if it is going to succeed, but it is equally clear that his commitment will never be unequivocal.

The western world must now face up to that reality. Unwavering support for Mr Yeltsin has long been unsustainable, although as Russia's first elected president he obviously remains the man with whom one must deal.

Right strategy

In the first place, western leaders in the Group of Seven, and through the medium of the IMF, must make no bones about the right reform strategy for Russia. They should invite Mr Yeltsin to the next G7 summit in Halifax, Nova Scotia - not exclude him, as some member states are apparently tempted to after the Chechnya debacle - and there they should tell him he is foolishly confused. In trying to balance the

interests of all his constituencies - from reformers and new businessmen to the barons of state industry and agriculture, and from sophisticated diplomats to truculent army commanders - he is ensuring short-term survival, and long-term failure. There is no solution for Russia other than decisive steps along the path of reform.

Yawning deficit

The IMF negotiators whose support is seen as critical to that reform process have withdrawn to Washington to lick their wounds. They must decide whether they can accept the yawning fiscal deficit and the lack of coherent policies on export liberalisation and oil, and whether they believe the Russian government means to deliver its side of the bargain. After Mr Yeltsin's speech they still do not know where he stands, who his real allies are, and whether he is remotely capable of delivering the budgetary and monetary discipline they desire.

One reassuring statement was that he will allow next year's presidential election to go ahead. He is more likely to lose than to win it. For the west, many of the alternatives might be worse. But that is no reason to shy away from the electoral process.

For the time being, the awful truth is that it is not possible to work with Mr Yeltsin - nor to work without him. The commitment of the Russian government alone has been proved inadequate. The president is too powerful to ignore. Nevertheless, the west must now start planning for a world without Yeltsin. It must do so with the utmost care, and in full awareness of the limits on its influence. Not all the alternatives are worse, but any indication of western "champions" in the current Russian climate, would almost certainly play into the hands of hardline nationalists.

Indeed, given the unpredictability of Russian policy and politics, the best the west can do is draw up its own clear policy objectives, and stick to them as best it can. They remain the promotion of the painfully slow process of learning democracy, and the equally painful, but ideally swift, process of creating a market economy. The underlying principle must be to back policies, not individuals.

Mission to explain itself

The BBC's analysis of its programmes and its audience's tastes, published this week, is an admirable attempt to define its strategy. But the report reflects profound confusions about the course it should take. Until it develops a coherent plan, the UK's largest broadcaster will be in danger of losing audiences and of surrendering its claim to funding by the licence fee - the flat rate payment by all viewers. It could also jeopardise an alternative future in the commercial sector.

At present, the licence fee is safe. The government has agreed to link it to retail prices until 1996, and to preserve it in some form - albeit at an undecided level - until 2001. But as the BBC rightly recognises, its claim on the licence fee will diminish as its audience share is eroded by cable and satellite (although so far, the Corporation has tended to over-estimate the newcomers' penetration).

The government has given it a clear nudge to develop commercial activities such as programme sales and new international channels to bolster the licence fee. But one possibility is that the BBC will eventually be forced to move entirely into the commercial sector and to take advertising.

This week's report is designed to stave off that day. In a torrent of self-criticism, the BBC says it runs the "risks of self-indulgence, elitism and irrelevance". But in arguing that it is "funded by all to make programmes for all", it commits the fallacy of thinking that it must appeal equally to all viewers.

High quality drama

That has set it in an anxious pursuit of groups who profess themselves "neglected". But to define programmes by the race, sex or age of their target group is to mistake variety of subject for real diversity of taste. Moreover, the position that no viewer should be dissatisfied could lead to the self-censorship of believing that no viewer should be offended.

There are signs that, in the pursuit of minority audiences, the BBC is losing its traditional strengths, particularly high-quality drama and other entertainment, both high-brow and popular. As the BBC acknowledged last week, "with the outstanding exceptions of *Eastenders* and *Cust-*

ally we have found it difficult to produce good drama with popular appeal".

So long as it is dependent on the licence fee, and therefore on political decisions, it will also need to defend its reputation for politically impartial news and current affairs.

The current search for identity reflects a long-standing tendency at the BBC to try to do everything. It has no criterion by which to withdraw from types of programme or activity. Other than, perhaps, unequivocal failure: the collapsing audience of Radio 1 raises the question of whether the BBC really has a role to play in popular music as competition increases.

Gains in efficiency

The danger now is that the huge gains in efficiency which the BBC has made in the past seven years will be used to add more activities without a clear sense of purpose. While the licence fee remains, that lack of discrimination will continue to push the BBC up against the financial buffers. It will also weaken its attempts to develop commercial income: programme sales and new channels are driven by its stable of traditional successes, not by minority programmes. Moreover, if the licence fee is ever withdrawn entirely, the BBC's best hope is in offering its core audience to advertisers.

Consultants' reports cannot repair the BBC's current lack of self-confidence, because they will always reveal disgruntled viewers. Instead, the BBC should concentrate on its strengths. It should not be embarrassed that many of its programmes appeal most to middle class people in southern England, who comprise much of the population. It will then automatically find itself offering a different service from the commercial channels. It will also stand the best chance of securing its financial future.

The current attempt to appeal to all is simply delaying the day when the BBC will have to work out what it does best. The extension of the licence fee has given it a breathing space to find the answers, and develop conviction in pursuing them. If it were in the commercial sector already, it would not have that leisure.

Mr Fernando Henrique Cardoso, Brazil's newly elected president, wrote many books in his earlier academic career. He is now seeking to rewrite one of the country's most important and complex volumes, its 181-page 1988 constitution.

Yesterday the president delivered his first proposal for reform to congress and told legislators the changes were needed to modernise the economy and political system. The country's constitution is widely blamed for the government's budget problems and for limiting foreign investment in business.

Many of the proposals are controversial, and are likely to dominate this year's political calendar, with congressional approval difficult to predict. If congress rejects the reforms, Mr Cardoso's governing coalition could fall apart and his high standing among foreign investors would evaporate.

"These reforms are so important because they could reduce the state's role in the economy and will decide whether we join the rest of the world in pursuing competition and a smaller role for government, or remain lagging behind," according to one official.

Brazil's constitution is an extraordinary document, written by left-leaning politicians shortly after the 1986 return to democracy. It tried to enshrine economic and social rights which the drafters felt had been ignored during the military rule.

Some chapters were enshrined, giving Brazil progressive laws on environmental and Indian rights (although enforcement of these provisions has been disappointing). Others were idealistic and have never been put into effect, for example a 12 per cent maximum annual real interest rate.

But many of the document's 246 articles that have been implemented are seen as adding to the government's financial crisis.

For example, the new constitution required the government to devote some revenues to the states, but not spending responsibilities - reducing the resources available to central government for investment and infrastructure projects.

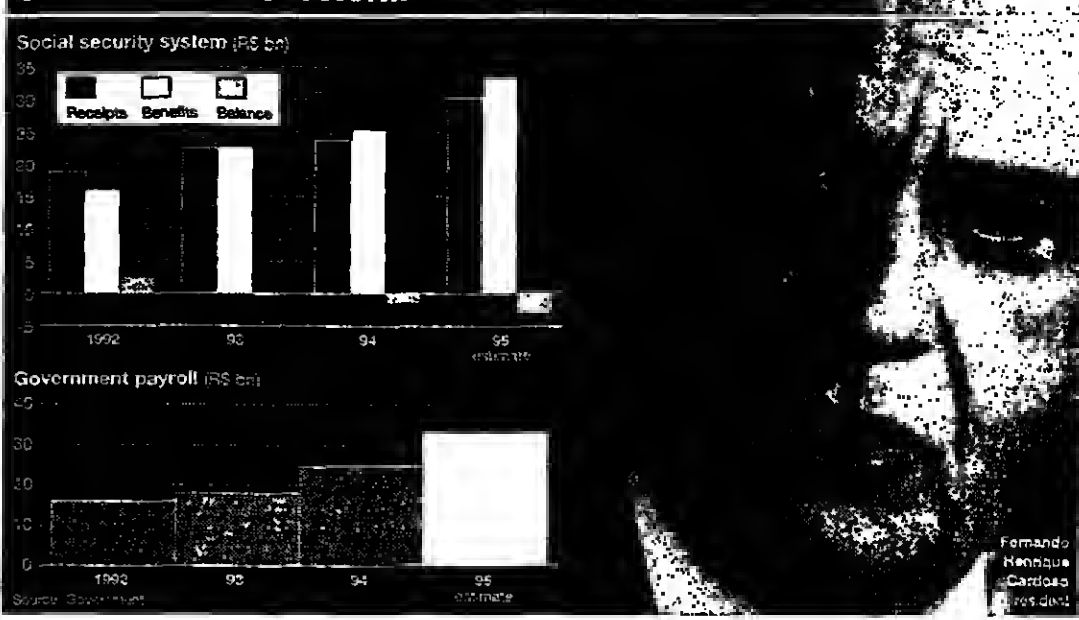
It also entrenched a generous social security system, which allows some people to retire aged 40 and others to claim monthly pensions. This has come close to collapse, with benefits likely to outweigh contributions by about \$3.2bn this year.

Mainly because of these factors, the pessimistic forecast for the central government's budget this year is a \$15bn deficit, equal to about 3 per cent of gross domestic product. Mr Cardoso attributes his election to his success as finance minister in bringing down inflation by intro-

Angus Foster explains why President Cardoso's proposal to rewrite the Brazilian constitution is so important

Slow march towards reform

Brazil: in need of reform



ducing a new currency, the Real. He has therefore given priority to economic reforms in changing the constitution, believing that economic uncertainty will undermine his influence in congress. Other changes, mainly to the voting laws and party political system, will be left until later this year.

The proposals delivered to congress are designed to remove disadvantages imposed by the constitution on foreign-controlled companies. They would allow them to compete in previously restricted areas such as mining and hydro-electricity generation. And state monopolies in oil exploration and production and telecommunications would be opened to private sector competition.

In coming weeks, Mr Cardoso is expected to propose further reforms to overhaul the social security system. He wants to unify the government's various pension schemes, set an upper limit for benefits and allow the private sector to provide pensions for the wealthy. Individuals will have to contribute for a set period, possibly as long as 40 years, before they can retire.

Action will also be taken against corruption and abuses of the system. The army in one state, for example, has 22 working and 330 retired colonels on its payroll.

Changes are being prepared to simplify the chaotic tax system, which has 59 taxes and social contributions. It is also one of the few in the world to impose punishing sales taxes on exports. Some spending responsibilities, for example on health, will also be transferred to the states.

Mr Cardoso's chances of carrying these reforms are mixed. Each amendment to the constitution requires a vote by three-fifths of both houses of congress in two separate votes in each house. Last year, a special constitutional revision session failed to approve many of the same reforms, even though amendments then needed to be approved only by a majority.

Mr Marco Maciel, the vice-president, is optimistic that the new congress elected with Mr Cardoso is keener on change than the old. "Congressmen now know the people want reforms," he says.

The Real's success gives Mr Car-

doso the public backing to put pressure on congress for change, says Mr Maciel. He also thinks the crisis in Mexico has helped. "Mexico showed Brazil and congress the need for reforms, especially in the fiscal area," he says.

On paper, at least, the government commands a majority in congress, with its six-party coalition controlling nearly 70 per cent of the 594 seats.

However, the coalition embraces a wide range of parties from centre left to the right. And the government's majority is much weaker than it appears, mainly because of Brazil's immature political system. Congressmen are loyal to powerful individuals rather than political parties, and votes are often decided on personal and regional grounds.

Mr Celso Napolitano, a São Paulo political consultant, says: "Theoretically the president has three-fifths support, but when it comes to a vote, it's a lottery."

Although the reforms proposed yesterday are less controversial, opposition to further measures is likely to be considerable. The social security system changes will force

people to work longer before retiring, and end the special benefits enjoyed by influential interest groups. The tax reforms will annoy state governors, who are worried that the changes will leave them with lower revenues. These groups will put pressure on congress to amend or delay the reforms.

Faced with such worries, Mr Cardoso is moving cautiously. On some issues, there are also signs of splits in the government. It is considering withdrawing controversial proposals to reform the constitutional article that makes it almost impossible to fire public sector workers, which has been partly responsible for the sharp rise in the government's wage bill.

The president characteristically prefers gentle persuasion and a slowly built consensus. This careful approach contributed to the success of the Real's introduction, before the presidential election. This time, however, the strategy is riskier. Brazil's conservative and business elites were prepared to back Mr Cardoso over the Real because a radical leftwinger, Mr Luis Inacio Lula da Silva, was the clear leader in the presidential opinion polls. Now there is less urgency for them to support Mr Cardoso.

There are also concerns over the government's timetable for reform. Mr Maciel says voting could start in the lower house in April and be completed in the senate by the end of June. This would give the government the rest of the year to press for political reforms - likely to include changes to the party system and allowing the president to stand for more than one term of office. These must be approved by the end of the year to avoid a clash with next year's municipal elections.

But the timetable has already started to slip. The tax and social security proposals due to be presented yesterday were delayed because of disagreements between ministries about which proposals were politically feasible. With the new congress keen to review every executive action, the legislative process will be slow and Mr Maciel's optimistic voting timetable could quickly fall behind schedule. Some government ministers think it may take most of this year to approve the economic reforms, leaving the political changes uncertain.

Delays may not matter as long as the majority of the reforms are eventually passed. But they will expose the fragility of Mr Cardoso's majority and undermine his standing in congress. His government might then find it has missed the chance to push through the more controversial changes that are so essential for the further development of Brazil's economy.

Mexican precedent for Ukraine



PERSONAL VIEW

Settlements and leading governments to arrange a \$3bn bailout for Mexico.

The sum earmarked for Mexico is probably more than is for the central government's budget this year is a \$15bn deficit, equal to about 3 per cent of gross domestic product. Mr Cardoso attributes his election to his success as finance minister in bringing down inflation by intro-

European governments were taken aback by the US last month commended the International Monetary Fund, the Bank for International Settlements and leading governments to arrange a \$3bn bailout for Mexico.

The sum earmarked for Mexico is probably more than is for the central government's budget this year is a \$15bn deficit, equal to about 3 per cent of gross domestic product. Mr Cardoso attributes his election to his success as finance minister in bringing down inflation by intro-

transfer around 5 per cent of national income to its creditors at a crucial stage in the liberalisation process. Yugoslavia's request for its debt to be rescheduled during a last-ditch stabilisation programme in 1990 was turned down. And Russia received a pittance from the IMF in the crucial years of reform, between 1992 and 1994.

Ukraine is the latest foreign policy test of this type for the EU. A new reform-minded government led by President Leonid Kuchma came to power in June 1994, inheriting hyper-inflation and an utter collapse of public administration. Mr Kuchma has rallied the country to the cause of economic reform against great odds. If his current effort fails, Ukrainian sovereignty could be at risk, with revanchist Russians looking to "annex" it with the "motherland".

The EU's response has been extremely feeble. It has found about \$600m in loans to provide support for Ukraine's balance of payments - but \$600m of this must be used to repay debts to the EU that are falling due. The IMF will put up another \$1.5bn - an amount equal

to Ukraine's IMF quota, the contribution each country makes to the organisation's funds. This compares with \$17bn pledged by the IMF for Mexico - equivalent to seven times Mexico's IMF quota.

The overall sums for Ukraine are minuscule, and fall short even of the inadequate pledges made at last summer's summit of the seven leading industrialised nations when

The Mexico package has exposed the EU's failure to come to the aid of its neighbours in urgent need

\$4bn in aid was promised.

To some extent the experience of Ukraine is like those of Algeria, Yugoslavia and Russia - reflects Europe's difficulty in co-ordinating the response of a dozen countries to international issues. But it also reflects a serious misjudgment by the EU about the best course of action to adopt. Its instinct is to wait for financial matters to take

care of themselves, rather than mobilise an emergency package of financial support.

This is an odd stance for EU member states to take. After all, they first achieved post-war financial stability with the help of credits supplied by the US government under the Marshall Plan.

The problem is that governments' financial crises tend to spiral out of control until reform-minded politicians are ousted by extremists.

Without significant external assistance, most financially strapped governments cannot win the time needed for basic reforms. When creditor governments fail to provide meaningful financial support to back up their calls on debtor governments to get their house in order, the result is usually a political debacle in the debtor country.

The EU should follow the Mexican package with a suitable European package for Ukraine.

Rather than the \$1.5bn now on offer, the IMF should provide \$3bn: \$1.5bn to help Ukraine's budget and \$1.5bn to help back a new Ukrainian currency. The World Bank should put up another \$1.5bn for urgent

balance of payments support, as opposed to the meagre \$500m now on offer. And European nations should together mobilise \$1bn in urgent additional support.

Sooner rather than later, new market-based solutions will be needed for crises such as these. The IMF should have new powers to authorise debtor governments in distress to tap markets for new funds on an urgent "priority" basis. Repayment of old debts would be legally subordinated to repayment of these emergency loans.

Such mechanisms should be discussed at this year's G7 summit, where the role of the international institutions will be on the agenda.

But short-term emergencies in Europe's backyard should not wait for long-term reforms. Europe must act to defend its security interests. It can take a cue from the US's quick and ample response to the Mexican crisis.

Jeffrey D Sachs

The author is professor of international trade at Harvard University

OBSERVER

Comrades in adversity

■ Just as things were beginning to look up again for Poland's President Lech Walesa, he's run into another sticky patch.

Lech Falandysz, his top legal aide, has resigned, adding to the lengthy list of those who have jumped ship. What's upset Falandysz, one of Walesa's key figures? Falandysz has recently been a daily fixture for Poland's media, faithfully defending his president.

He has also invented various legal ruses to block the passage of this year's budget, thereby hamstringing Walentyn Pawlak, outgoing prime minister.

Falandysz says he's off because he can't stand the "style and method of work" of Mieczyslaw Wachowski, one of Walesa's closest aides. "The rest is silence," he cryptically added.

Falandysz has served Walesa well for three arduous years. But Wachowski and Walesa go back a long way. In 1980, during Solidarity's heyday, Wachowski, a former taxi driver, became Walesa's chauffeur. He thereafter dropped from sight, returning to public life in 1990 - when Walesa became president - as the chief minister in the president's office, an influential job which he fiercely defends against interlopers.

It's not the first time that Wachowski has been cited as the cause of a senior resignation; last

year Andrzej Drzyziewski, the presidential press spokesman, also left in a huff.

Next week Walesa is off to Latin America. When he gets back he will decide whether to accept Falandysz's resignation.

Huff and puff

■ Privatisation of all but 10 per cent of Seita, France's state tobacco monopoly, may not have gone as smoothly as finance minister Edmund Alphandery hoped. With annual turnover upwards of FF15bn and no significant debt, Seita might seem an attractive prospect.

But to what type of investor? About 25 per cent was offered to individuals and French residents. France's oldest and tobacco organisation, the Comité National de Lutte Contre le Tabagisme (CNCT), has spotted a chance to worm its way through Seita's doors.

The CNCT urged supporters to buy at least 10 shares, and acquire the right to attend Seita's annual general meetings, where they can "turn themselves into a stone in the shoe of Seita". There's to be no smoke without fire, it seems.

Metall-bashing

■ When Joseph Schumpeter, the Austrian economist, wrote of "creative destruction", he meant innovation and changing markets -

not financial speculation. Never mind. Metallgesellschaft needs all the allies it can muster, as it recovers from the loss in US oil futures trading that nearly pulled it under last year.

Now just back in the black, the industrial and trading group has placed advertisements - using Schumpeter's words - in German newspapers, telling people what went wrong and saying what it hopes is now going right.

Those wanting to learn more of how this latter-day leucis managed to keep going are informed they can obtain an information package from the company.

For which Metallgesellschaft anticipates heavy demand: it has printed 70,000 copies. On Wednesday, when the ads first ran, so many called that new lines had to be installed. The flood continued yesterday, much to the group's surprise.

Why the astonishment? Everyone is fascinated by tales of death-bed recoveries - they're so rarely true.

It's only a game

■ The longest election campaign in recent Spanish history culminates on Sunday. Weeks of full-page glossy newspaper ads, television commercials and broadcast debates leave no doubt about the election's importance.

At stake is the chairmanship of Real Madrid football club. The 54,000 eligible voters have three

candidates to choose between.

The patriarchal Ramon Mendoza, 67, former import-export dealer and club chairman for the past nine years, has edged ahead in the polls over 47-year-old building company chief Florentino Pérez. Trailing third is Santiago Gómez Pintado, 58, ex-player and owner of a motor business.

Combined campaign costs are thought to run into many millions of pesetas, with arguments focusing on development plans for the club's dilapidated sports complex.

The contest has of course been conducted according to the true gentlemanly spirit of the game. Mendoza, whose chances are boosted by Real Madrid's current top position in the Spanish league, has accused Pérez of being "anti-Madrid... an expert liar" and "an ignoramus about football".

If Mendoza was only half right, Pérez could always find an English club to run.

Barking mad

■ Danish police dog-handlers are annoyed; they have been landed with an extra tax bill requiring them to pay tax on the allowance they get for upkeep of the dogs they use in their work.

Where will it all end? Fire fighters getting taxed on the polish allowance for their ladders? Time to tax doctors on the allowances they get for their thermometers...

Financial Times

50 years ago

India's big car order
The Government of India has ordered a large number of motor-cars for civilian use. Bombay informed circles say about 2,500 baby and other cars, either Austin or Morris, are expected in India in the next three or four months. The necessary shipping space is being arranged.

Paint company shares
With shares, as with merchandise, the dearest-looking wares are frequently considered among the best and most advantageous to buy. A case in point is provided by one of the leading paint shares, Pinchin Johnson Ordinary. There seems to be justification for the market's confident appraisal of good paint shares. Expectations of the continuity of present dividends during war time and of higher dividends and capital appreciation after the war appear to be based on solid grounds. Consider the position and outlook as one may, it is difficult to escape the conclusion that the paint manufacturer is in an enviable position.

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IN BRIEF

Renault unveils high-tech plant

Renault, the French vehicle group, yesterday unveiled its Technocentre, a FF6.4bn (\$1.22bn) design and development plant aimed at increasing the speed and quality of vehicle launches. Page 24

Champagne perfume row settled

Yves St Laurent, the perfume manufacturer controlled by pharmaceutical group Sanofi, yesterday announced a final settlement in its long-running dispute with France's champagne producers. Page 22

Hewlett-Packard delights Wall St

Hewlett-Packard reported stronger than anticipated results for its first fiscal quarter and announced a two-for-one stock split and a dividend increase. Page 24

Statoll shrugs off weaker prices

Statoll, the Norwegian state oil company, yesterday reported record net profits of Nkr5.4bn (\$818.2m) for 1994, as a big rise in crude oil production offset the effects of weaker oil prices. Last year the group made profits of Nkr3.4bn. Page 22

Goodman Fielder to sell Asian interest

Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia for \$191.9m (US\$128m). Page 26

Navistar lifted to \$23m in opening term

Navistar, the Chicago-based truck and diesel engine assembler, said a continuing surge in US truck demand lifted first-quarter net income to \$23m, or 21 cents a share, up 44 per cent from \$16m, or 12 cents, in the fourth quarter of 1994. Page 24

Transamerica posts record fourth period

Transamerica, the US financial services group which last year paid \$1bn for the container leasing business of Tishbrook, the UK trailer rental company, reported record earnings for the fourth quarter of 1994. Page 24

Packer defends growing stake in Fairfax

Mr Kerry Packer, the Australian businessman who has been building up his stake in John Fairfax, the newspaper publisher, in apparent contravention of the country's media cross-ownership rules, said that he believed it would be quite legal for him to hold a 24.5 per cent stake. Page 26

More than 3m register for power shares

More than 5 per cent of the British population have registered an interest in buying shares in the UK government's \$4bn (\$6.3bn) sale of its stakes in the country's two largest generators, National Power and PowerGen. Page 27

BICC names GKN man for top job

BICC, the cables and construction company, yesterday ended a year-long search for a chief executive by poaching Mr Alan Jones - former chairman of Westland Group - from GKN, the motor components, industrial services and defence equipment manufacturer. Page 27

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FFP)	
Albus	804 + 14	Albus	502 + 9
Albus	483 + 3.4	Albus	424.5 + 10.7
SNF AB	1403 + 31	Albus	240 + 8.9
Albus	391.8 + 6.4	Albus	2143 + 32
Albus	720.5 + 13.3	Albus	197 + 12
Albus	580 + 10	Albus	945 + 22
NEW YORK (\$)		NEW YORK (\$)	
Albus	3614 + 14	Albus	718 + 13
Albus	11494 + 594	Albus	582 + 13
Albus	505 + 12	Albus	722 + 23
Albus	130 + 10	Albus	745 + 25
Albus	194 + 1	Albus	876 + 48
Albus	259 + 1	Albus	776 + 38
LONDON (Pence)		LONDON (Pence)	
Albus	348 + 8	Albus	3.5 + 0.7
Albus	121 + 8	Albus	3.5 + 0.7
Albus	59 + 7	Albus	2.55 + 0.05
Albus	78 + 0	Albus	2.55 + 0.05
Albus	80 + 17	Albus	2.55 + 0.05
Albus	350 + 36	Albus	2.55 + 0.05
TOYOKO (Yen)		TOYOKO (Yen)	
Albus	125 + 11	Albus	450 + 30
Albus	64 + 10	Albus	359 + 13
Albus	354 + 24	Albus	150 + 13
Albus	94 + 1	Albus	85 + 5
Albus	114 + 11	Albus	54.5 + 4
Albus	22 + 11	Albus	54.5 + 4

New York and Toronto prices at 12.30pm.

Intel steps up the pace with P6 microchip

By Louise Kehoe in San Francisco

Intel, whose Pentium microprocessors are just beginning to enter the mainstream personal computer market, yesterday unveiled the P6, a new generation of chips. Delivered to computer makers begin later this year.

The launch of the P6, just two years after the Pentium was formally introduced, demonstrates a sharp acceleration in Intel's product development cycle, which has set the pace for the PC industry for more than a decade.

With more than twice the processing power of the Pentium, the P6 promises a leap in PC performance. Within two or three years the chip could enable low-cost home and office computers to handle taxing multimedia applications such as speech recognition, full-motion video conferencing and image processing.

It incorporates 5.5m transistors, making it more complex than almost any other semiconductor device that has been produced in high volumes. It can process instructions at the rate of at least 200m per second.

Intel is the dominant supplier of microprocessors with an estimated 80 per cent of the \$10bn world market. No competitor comes close. Advanced Micro Devices, ranking second, had estimated microprocessor sales of \$700m last year, compared with Intel's \$3.4bn.

Yet several challenges have overtaken Intel in terms of microprocessor performance over the past few years, using technology called Reduced Instruction Set Computing (Risc). Proponents of Risc include Hewlett-Packard, Sun Microsystems, Digital Equipment and the IBM-Motorola-Apple Computer alliance that has developed PowerPC microprocessor chips.

When Risc microprocessors appeared in commercial products in the late 1980s, the technology's backers predicted that they would drive conventional microprocessors, such as Intel's, from the market. Intel, faced with the Risc challenge as well as mounting competition from "clones" of its own chip designs, launched an aggressive response.

P6 is the first fruit of this effort. It comes close in performance to chips

such as the latest PowerPC device, Digital's Alpha chip and Sun's UltraSparc, while maintaining software compatibility with the estimated 200m PCs in use.

Intel has taken a few leaves out of the Risc book and invented some new tricks to boost the speed of the P6, according to industry experts. Key to the P6 performance is an approach called "dynamic execution" that enables the "brain chip" to perform several tasks simultaneously and think ahead to select tasks that it is likely to need to do next.

Intel's P6 designers take issue with the suggestion that they have borrowed design concepts from Risc. "That drives me crazy," says Mr Bob Colwell, P6 architecture manager. "We did the basic architecture before there were any real competitors. There was no borrowing."

The Intel P6 team also rebuffs Risc competitors such as Mr Tom Jermoluk, president of Silicon Graphics, who says Intel is "enslaved by the need to maintain compatibility" with decade-old microprocessors. Mr Lew Pacely, P6 marketing manager, says: "We don't feel compromised. We have a performance

level that competes extremely well and we have a huge base of software. That is what everyone is scrambling for."

The entrenched role of Intel's microprocessors virtually assures the success of the P6. Risc chips, including the PowerPC, have collectively achieved only a 6.5 per cent market share.

Intel faces increasingly intense competition from "clones" of its own chip designs. AMD and Cyrix have announced their own versions of Pentium, while Nexgen, a tiny Californian company, is selling Pentium-class chips that are faster and cheaper than the originals. With the P6, however, Intel aims to remain a step ahead of these competitors, even if that means cannibalising sales of its own existing products. The P6 will create "top down pressure" in the market, Mr Pacely says, hastening the obsolescence of 486, fourth generation microprocessors which are the staple of the clone producers.

One important question remains: is the market ready for the P6? Last year Compaq Computer, the world's largest PC manufacturer and Intel's biggest cus-

tomers, balked at Intel's efforts to promote Pentium chips to consumers through print and television advertisements which suggested that older chips were almost obsolete.

Home PC buyers, who account for most of the approximately 5m Pentium PCs sold to date, may similarly be disenchanted when they learn that the Pentium is not, any more, the hottest PC chip. There is a danger that in its efforts to accelerate the pace of technology Intel may slow PC sales by exacerbating fears of rapid obsolescence.

Another concern, say industry analysts, is that the very complex P6 chip might contain a "bug" like that recently found in the Pentium. Intel's engineers say they have tested the P6 for over three years in an effort to ensure that it is bug free.

But Intel will maintain the lion's share of the microprocessor market, at least in the short term. It plans to spend \$2.9bn on new production plants this year, up from \$2bn in 1994. No one else can afford to keep pace.

Big jump at Hewlett-Packard, Page 24

After-effects of the bad loans crisis, although receding, are still shaking the region, writes Hugh Carnegie
Nordic banks are still not out of the woods

As the Nordic region's banks chalk up their 1994 results, it is clear that for most the explosion of recession-induced loan losses that tore through their balance sheets in the early 1990s has subsided. But the dust has not yet settled.

The most spectacular after-effect was seen last week in Finland, where the loan-loss crisis wreaked the greatest havoc, forcing to date a total of Fm60bn (\$12.8bn) in loan write-offs and requiring Fm40bn in state support. The country's two biggest banks, Kansallis-Osake-Pankki and the Union Bank of Finland, put aside 100 years of rivalry to forge a merger after both suffered four successive years of losses.

It was the biggest restructuring in the Nordic banking sector for years, creating a bank with combined assets of Fm300bn. KOP and UBF (the latter will be the dominant partner) hope that the new bank will finally draw a line under their losses and use its powerful domestic position to resist increasing incursions into the Finnish market.

Post-crisis fall-out is also going on in Norway and Sweden (Danish banks survived the loan losses without state intervention). In Norway, all the main banks fall under state control after a slump in the petroleum industry punctured a lending boom. Now that the banks are

back in profit, the Labour government is battling with the two main players, Den norske Bank and Christiania Bank, over its insistence on a 50 per cent dividend payout and its intention of holding a controlling stake, apparently indefinitely.

In Sweden, the four top banks - Handelsbanken, Nordbanken, Skandinaviska Enskilda Banken and Swedbank - are essentially profitable again after shaking off the worst of a lending spree to the property sector. But SE Banken yesterday reported an operating loss for 1994, after including a special SKr4.3bn (\$594m) write-off against property assets it has been left holding.

Meanwhile the government will reprivatise Nordbanken - hoping to retrieve a chunk of the SKr60bn it shelved out on bank rescues. It must also decide when to withdraw a blanket guarantee placed under the banks in 1992.

Now is the operational picture clear for the banks. Credit losses have tumbled from 1993 when total write-offs and problem loans across the region totalled \$15bn. Lower bad loan costs have contributed to the return to profit of Swedish and Norwegian banks and have helped the Finnish banks back within sight of profits in 1995. The banks have largely recapitalised, but many are still incurring large loan losses and holding bad loan stocks.

SE Banken reported yesterday that credit losses in 1994 - excluding the special write-down - stood at 1.65 per cent of its lending portfolio, still above "normal" levels of around 0.5 per cent. At KOP in Finland, 1994 credit losses were 2 per cent of total lending. In Norway, Den norske Bank recorded new loan losses in 1994 of Nkr2.1bn (\$318m).

Meanwhile, 1994 proved difficult for the banks' underlying operations. In Finland, Norway and Sweden net interest and other operating income fell. Causes were last year's turbulence on bond markets and a combination of weak demand for borrowing and narrowing spreads between interest charged on loans and interest paid on deposits.

In Sweden, a slow recovery from recession and continued high private savings rates have left the banks with surplus liquidity. At the same time, deregulation has led to rising competition, with banks offering wider services, including insurance and pensions, while companies such as the insurer Skandia, and Ikea, the furniture retailer, are opening banks.

Foreign banks have also begun to increase their activities in corporate banking - taking a 28 per cent share of the Norwegian domestic corporate loan market, compared with 25 per cent held

More balanced sheets

	TOTAL ASSETS	EXPENSES/ASSETS	INCOME/EXPENSES	
	SDN	%	RATIO	
Swedbank	80.2	1.7	1.96	Dec 1994
Handelsbanken	58.2	1.3	2.3	Sep 1994
SE Banken	53.3	2.0	2.0	Dec 1994
Nordbanken	48.4	1.6	2.3	Sep 1994
KOP	30.8	2.1	1.4	Dec 1994
Unifin	28.1	2.0	1.7	Dec 1994
Den norske Bank	21.9	2.9	1.9	Dec 1994
Christiania Bank	17.4	2.5	1.5	Sep 1994
Den Danske Bank	56.4	1.8	1.6	Jun 1994
Unifinbank	34.9	2.8	1.5	Dec 1994

by Norwegian commercial banks.

Sweden's Handelsbanken has grown especially fast in Norway where it now has 12 "street level" branches and ranks as Norway's sixth largest bank by assets. Mr Magnus Uggla, Handelsbanken's head of international operations, says with growth opportunities narrowing in Sweden, cross-border expansion is a natural response. "We want to establish ourselves firmly in all the Nordic countries, offering a complete range of banking services, both corporate and personal."

Handelsbanken's rivals have been more cautious so far, but SE Banken has opened a corporate branch in Finland and Norway and Den danske Bank plans similar moves in Stockholm and Helsinki. These developments were cited by Finland's KOP and UBF when they announced their merger. "We see them as serious competitors," says Mr Carl-Johan Granvik, to be head of corporate banking in the merged bank. "We want to be stronger to resist the invasion by these rivals."

In Sweden and Norway it has become commonplace to declare the banking crisis over. But there remain unresolved questions. This year should show how well the big Finnish merger can be made to work; whether the Norwegian government will stick to its determination to retain control over its main banks; and see the re-launch into the private sector of Sweden's Nordbanken.

It may take longer for the Nordic banks to prove a full recovery. "My feeling is you cannot really judge their asset strength until they have been through another recession," says Mr Peter Thorn, north European banking analyst at Paribas. "They will not fully recover their standing until they have been through another cycle without sustaining another appalling round of losses."

SE Banken and Swedbank results, Page 22

Merrill Lynch leads offer for Israeli telecoms group Bezeq

By Julian O'Zanne in Jerusalem

Merrill Lynch, the US-based global investment house, has won Israel's hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. The global offering, expected to be \$1.5bn or more, is worth up to \$650m and will be Israel's biggest equity issue.

It is a flagship of Israel's privatisation programme and could stimulate US and European investment in Israeli companies.

The public offering will reduce the government's stake to 61 per cent and the money raised will pay back part of Bezeq's debt to the government.

Mr Yossi Nitzani, director of the government companies authority, said Merrill Lynch, the world's leading underwriter

of international equity issues, had been awarded the role alone.

"We discussed joint leadership long and deep and we came to the conclusion it was very important for us to have one address," he said.

Israel also brushed aside concerns expressed by international bankers that Merrill Lynch is already committed to joint lead co-ordinator for the global offering of a third of Portugal Telecom in May.

Mr Nitzani said there would be a dedicated tranche of stock offered to Europe and possibly one exclusively for the UK and another for Europe and the rest of the world. Bankers have predicted that 50-60 per cent of the stock will be sold in the US.

Mr Nitzani also rejected speculation that the global offering in Bezeq would take precedence

over a global stock offering of 23 per cent Israel Chemicals. He said Israel Chemicals would be sold in March with a final pricing in New York completed by early April. Lehman Brothers are the lead co-ordinator for the Israel Chemicals offering.

Bezeq reported revenues of Shk55bn in 1993 and net profit of Shk283 (\$88.7m). Operating income for the first nine months of 1994 to September was Shk139m, a decline of 16 per cent over the same period in 1993 due to tariff reduction and high wage agreements.

Merrill Lynch was chosen over 11 other firms including Salomon Brothers, Lehman Brothers, S.G. Warburg, Smith Barney, Shearson, Goldman Sachs and Wertheim Schroder. Morgan Stanley is advising the government.

'Resilient' Kleinwort slips 5%

By Nicholas Denton in London

Kleinwort Benson the UK-based investment bank, reported "resilient" pre-tax profits of \$97m (\$161.6m) in 1994 from continuing operations, down 5 per cent, in the face of difficult market conditions.

Investment banking activities produced pre-tax profits of \$51.9m, contrasting with recent analysts' estimates that fellow UK banker, S.G. Warburg was making losses on investment banking operations.

Kleinwort has been the subject of takeover speculation by a US or European bank since S.G. Warburg's failed merger talks with Morgan Stanley of the US.

The results, at the upper end of analysts' forecasts, boost the claims of Kleinwort's manage-

ment that it is a successful independent entity. "We are not seeking suitors," said Lord Rockley, chairman.

The bank said that Kleinwort did not need either a backer or to go "head on" against the largest US investment banks. "I don't believe the world is going to be dominated by four to five American houses and no one else is going to get any business," Lord Rockley said.

Kleinwort demonstrated its confidence with a 16 per cent dividend increase to 21.5p in spite of a 4 per cent fall in earnings per share to 53.9p. Dividend cover fell from 3 to 2.5. Kleinwort said it would let the ratio fall below 2 before re-evaluating its dividend policy.

The group's pre-tax profits for the year to December 31 were

depressed by dealing operations where net income fell 88 per cent to \$43.3m in "difficult market conditions".

Kleinwort said it had a good year in UK and continental government bonds but trading profits in equities had proved particularly hard-earned.

Analysts were impressed, however, by a 16 per cent increase to \$291.2m in net fees and commissions from advice on mergers and acquisitions, privatisation, investment management and other businesses.

This year it can bank on fees from Cadbury Schweppes's acquisition of Dr Pepper of the US. It is also joint co-ordinator of this year's share sale in the UK electricity generating companies and the National Grid.

Lex, Page 30

Key alliances.

Marie Brizard et Roger International S.A.

has acquired control of

BERGER SA

through a public tender offer

Marie Brizard was advised by

Société de Banque Suisse (France) S.A.

February 1995

Swiss Bank Corporation

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INTERNATIONAL COMPANIES AND FINANCE

Property write-off drives SE Banken into the red

By Hugh Carnegie in Stockholm

Skandinaviska Enskilda Banken, one of Sweden's leading banks, yesterday reported a surprise loss in 1994 after writing off a large part of its distressed property holdings.

The write-off was aimed at finally putting the loan-loss crisis of the early 1990s behind it.

SE Banken, which had been expected to announce a sharp improvement on the 1993 operating profit of SKr673m (\$82m), returned an operating loss of SKr701m. The deficit was blamed on a special SKr4.3bn write-down on the value of property holdings it was forced to take over during the crisis, which came on top of loan losses of SKr5.1bn.

It portrayed the move as an

"act of strength" that would help it shed more quickly the lingering effects of the banking crisis.

The result before the special write-down was a profit of SKr3.6bn, chiefly attributed to a 50 per cent fall in "regular" loan losses from last year's SKr10.2bn. The bank said it was restoring its dividend for the first time since 1991, paying SKr1.50 a share.

However, SE Banken shares closed SKr2.2 down at SKr41.7. The bank said the special write-down resulted from restating its distressed property holdings at current market values. The value of its total property holdings is estimated at SKr15.6bn, down from SKr19.9bn. These are being grouped in a special subsidiary called Diligenta.

The bank had intended to

wind down Diligenta over as many as 10 years. However, it now intends to dispose of Diligenta within two years.

More than SKr50bn in property assets is now held by the banks and the state as a result of the banking crisis.

SE Banken's underlying operations showed a reverse from 1993, partly because of lower lending volumes and squeezed interest margins. Profit before credit losses was down more than 19 per cent at SKr6.7bn.

There was also a SKr82m deficit on the bank's bond portfolio value at the end of the year, against a SKr580m surplus at the end of 1993.

Under Swedish accounting practice, this does not affect the operating result - although it does affect capital and equity ratios.

Warburg to be joint lead on SKr1bn Lindex deal

By Nicholas Denton in London and Christopher Brown-Humes in Stockholm

The flotation of Scandinavia's leading lingerie supplier has given S. G. Warburg, the UK investment bank, the chance to show that defections have not damaged its ability to mount international equity offerings.

Lindex, the Swedish clothes retailer, yesterday launched a global offering of shares expected to raise more than SKr1bn (\$136m).

Mr Hans Johansson, Lindex managing director, said that between 60 and 80 per cent of the company would be sold, roughly divided between Swedish and overseas investors.

Warburg's equity capital markets group is acting as joint global co-ordinator in its first transaction since the department's two co-heads left for jobs at Morgan Grenfell last week.

The departure of Mr Maurice Thompson and Mr Michael Cohrs was seen by other investment banks as a blow to Warburg's capability in the important area of international equity issues.

It contributed towards the resignation of Lord Cairns as chief executive last week.

Warburg has appointed Mr Denys Firth, a debt market specialist, as the new head of the equity capital markets department.

S. G. Warburg is sharing the global co-ordinator's role with Handelsbanken Markets of Sweden.

The aim is to list Lindex on the Stockholm stock exchange in March.

Lindex, which sells women's and children's wear as well as lingerie, is only the second big Swedish retailer to come to the market, after Hennes & Mauritz.

The company said the listing was aimed at providing it with greater flexibility to develop the chain, which attracts 70m customers each year.

Expansion will allow it to exploit growing sales of lingerie and further lift its market share.

Statoil shrugs off weaker prices

By Karen Fosell in Oslo

Statoil, the Norwegian state oil company, yesterday reported record net profits of Nkr5.4bn (\$818.2m) for 1994, as a big rise in crude oil production offset the effects of weaker oil prices.

Last year the group made profits of Nkr3.4bn.

The figures were also bolstered by net financial gains of Nkr2.2bn, against charges of Nkr700m in 1993. Last year's gains reflect a reduction in dollar liabilities on the back of a significant decline in the dollar/krona exchange rate.

The announcement coincided with Moody's and S&P, the US credit rating agencies, giving

Statoil its first long-term debt ratings of Aa2 and Aa+ respectively.

Ms Brit Rugland, senior vice-president, said the dollar was worth Nkr6.74 at the end of 1994, down Nkr0.75 on the previous year's close.

Group operating profit rose to Nkr14.3bn from Nkr12.4bn in 1993, as sales advanced to Nkr83.6bn from Nkr81.1bn. Pre-tax profit jumped to Nkr18.9bn from Nkr17.9bn.

Three out of the four main business areas posted 448,000 barrels a day in 1994, an increase from 414,000 in 1993, and a Nkr900m reduction in operating costs.

Natural gas lifted operating profit by Nkr650m to

result was partly offset by an improved marketing performance. Operating profits for 1994 were cut by Nkr100m to Nkr166m, with sales remaining largely unchanged at Nkr25.7bn.

Exploration and production maintained operating profits of Nkr6.7bn on unchanged sales of Nkr23.4bn; a fall in the average per-barrel oil price, to \$15.90 from \$17, was offset by a rise in oil production, to 448,000 barrels a day in 1994 from 414,000 in 1993, and a Nkr900m reduction in operating costs.

Natural gas lifted operating profit by Nkr650m to

Nkr4.3bn, as sales rose Nkr500m to Nkr3.7bn. Oil trading and shipping nearly doubled operating profit, to Nkr501m from Nkr436m, as sales jumped by Nkr5.6bn to Nkr66.2bn, helped by a 16 per cent increase in oil traded, a rise in LPG sales and firmer freight rates.

Petrochemicals operations, which incurred a Nkr423m loss in 1993, returned a profit in 1994. The unit was spun off in 1993 into a separate company, in which Statoil retained a 50 per cent stake.

The group is proposing a dividend of Nkr1.61bn to the state, more than three times the Nkr500m paid in 1993.

Swedbank posts first surplus

By Hugh Carnegie

A big fall in credit losses and one-time capital gains helped Swedbank, the biggest Nordic bank by asset value, swing into profit in 1994.

This is the first time it has posted a full-year surplus since it was formed in 1992, at the height of the Swedish banking crisis.

Swedbank, still owned by savings bank foundations, moved to an operating profit of SKr4.06bn (\$551m) from a loss in 1993 of SKr3.66bn. It pre-

dicted a further improvement in profitability in 1995.

The bank declared its first dividend, of SKr1.75 a share.

The turnaround was chiefly attributed to a 66 per cent fall in loan losses, which dropped to SKr3.8bn from SKr11.7bn in 1993.

The reduction brought the level of loan losses down to 0.9 per cent of total lending, against 2.8 per cent last year.

Gross problem loans fell 31 per cent, but still stood at SKr31.7bn, including provisions for anticipated loan

losses of SKr18.2bn.

Capital gains of SKr1.9bn from asset sales during the year bolstered income, which still slipped 2 per cent to SKr16m from SKr16.3bn.

However, the underlying fall in income was much greater due to a 9 per cent decline in net interest income, to SKr10.4bn.

Swedbank blamed reduced interest rate margins, lower lending volumes, and a SKr186m reduction in the accrued value of its investment portfolio.

Portuguese bank shuns takeovers

By Peter Wise in Lisbon

Banco Espírito Santo yesterday reported a 12.8 per cent fall in net income in 1994 to \$17.6bn (\$112.8bn). However, the bank said it would not respond to the weakening profit growth through acquisition-led expansion, in the way Portugal's other big banks had done.

Pending takeover bids will, if successful, create three banking groups controlling 65 per cent of total banking assets. This will leave BES as the fourth largest bank, but with

an asset share of only 8.9 per cent.

Mr Ricardo Espírito Santo Salgado, BES president, questioned the wisdom of making acquisitions when the recession was still hitting income.

He said BES had ample room for organic growth.

However, one Lisbon broker said further restructuring at the bank had left it with limited resources for outside expansion.

The fall in net consolidated profits was higher than market expectations. However, it was

in line with the general decline in profit growth for the sector, where tough competition is reducing financial margins and exposing banks to greater risks from bad credit.

BES blamed the fall on a reduction in its average financial margin, the difference between rates for raising and lending funds, from 3.95 per cent in 1993 to 3.66 per cent in 1994. It said recession had forced increased provisions against non-performing loans.

It declared a 1994 dividend of \$150, against \$168 in 1993.

The aim is to list Lindex on the Stockholm stock exchange in March.

Lindex, which sells women's and children's wear as well as lingerie, is only the second big Swedish retailer to come to the market, after Hennes & Mauritz.

The company said the listing was aimed at providing it with greater flexibility to develop the chain, which attracts 70m customers each year.

Expansion will allow it to exploit growing sales of lingerie and further lift its market share.

Hafslund Nycomed slips

By Karen Fosell

Hafslund Nycomed, the Norwegian group best known for its radiology products, suffered a drop in 1994 pre-tax profit, to Nkr1.31bn (\$197m) from Nkr1.57bn a year earlier.

The company blamed non-recurring financial charges of Nkr200m, compared with gains of Nkr37m in 1993. The charges resulted from an increase in debt following the June acquisition of the diagnostic imaging business of US-based Sterling Winthrop.

Hafslund said there were restructuring costs of Nkr90m

in the fourth quarter connected with the acquisition, and a further Nkr47m for consolidation of US inventory values.

It is allocating Nkr350m for restructuring in 1995. However, it said that this year it should begin to benefit, by Nkr500m annually, from the acquisition.

Group sales rose to Nkr7.15bn from Nkr5.77bn as operating profit, before research and development costs, rose slightly to Nkr2.43bn from Nkr2.27bn. R&D costs rose by Nkr118m to Nkr896m as a result of the Sterling acquisition.

Hafslund is proposing a dividend of Nkr4.40 a share, unchanged from 1993, but is giving shareholders the choice of a cash or share payment.

The shares will be priced 15 per cent below the average price on the Oslo bourse during the two weeks before the annual meeting on May 23.

Separately, Hafslund is seeking an international partner to take a 10 per cent stake in its energy business, which it wants to expand in 1995, the business boosted sales to Nkr1.02bn from Nkr711m. Operating profit dipped to Nkr294m from Nkr373m.

SMH blames currency for 29% decline

By Ian Rodger in Zurich

SMH, Switzerland's leading watchmaking group, suffered a 29.5 per cent slide in consolidated net income last year, to SF315m (\$247.2m). Its first profit decline in a decade.

Directors are recommending that dividends be cut from 20 per cent to 17 per cent, even though cash flow remained a healthy SF450m last year.

Consolidated sales fell 7 per cent to SF2.66bn, but sales volumes of watches and movements rose 11 per cent.

SMH bearer shares, which have lost nearly half their value since mid-1993, fell SF18 to SF667 yesterday.

The group blamed the negative effects on margins of a high Swiss franc for most of the drop in sales. Many analysts, however, suspect that the flagging sales potential of the high-volume Swatch product line is the real culprit.

"We want to know what the group thinks is the outlook for Swatch over the next 24 months," Mr Frederick Hassler, analyst with Bank Sol Oppenheim in Zurich, said.

SMH, controlled by Mr Nicolas Hayek, said its prices in local currencies "have mostly been maintained". This policy led to reduced profit margins in Swiss franc terms, but allowed the group "to increase market share almost everywhere, except for Swatch in the US".

Champagne perfume row settled

By Andrew Jack in Paris

Yves St Laurent, the perfume manufacturer controlled by pharmaceutical group Sanofi, yesterday announced a final settlement in its long-running dispute with France's champagne producers.

The agreement, after months of litigation, follows moves by champagne producers to prevent their name from being used by the company as the brand of one of its top-selling perfumes and associated products.

Under the terms of the accord, the company will, over the next three years, drop the name "champagne" from the perfume it launched two years ago. Last year, the perfume generated worldwide revenues of FF400m (\$78m), up from FF200m the year before.

Yves St Laurent personally created the "champagne" perfume aimed at "active, spirited women" in 1993, before the company was acquired by Sanofi, which is in turn controlled by EHE Aquitaine.

However, its use was quickly attacked by the institute that controls the use of the champagne name and by the leading trade organisation for producers. They successfully brought actions demanding the company drop its use in France, Switzerland and Germany.

The settlement, believed not to have involved any financial payment, came when the producers were threatening to bring similar legal action in other countries.

The use of the name has already been dropped in France and Switzerland, and will cease to be marketed in Germany in June this year, with withdrawal from the shelves in October. In other countries, the brand can still be marketed as "champagne" until 1998.

Mr Jean-Paul Léon, executive vice-president for administration and finance at Sanofi, said yesterday: "We are very pleased with what we think is a very good settlement for both sides. Our discussions over the past few weeks have been very friendly."

He said the company would continue to sell the "champagne" perfume after 1998 but would devise another name that captured its character.

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<p>Banco ABN AMRO S.A.</p> <p>(Incorporated in the Federative Republic of Brazil)</p> <p>U.S. \$70,000,000</p> <p>Export Related Notes</p> <p>Arranged and Lead Manager by ABN AMRO Bank N.V.</p>	<p>EMERATEL</p> <p>Empresa Brasileira de Telecomunicações S.A.</p> <p>and</p> <p>MARCONI</p> <p>Companhia Portuguesa Rádio Marconi, S.A.</p> <p>are arranged by ABN AMRO Bank N.V.</p> <p>as to be repaid in other Spanish Countries</p> <p>European National de Telecomunicações del Peru, S.A.</p> <p>Companhia Portuguesa de Telecomunicações, S.A.</p> <p>in Peru</p> <p>Financial Advisor: ABN AMRO Bank N.V.</p>	<p>International Tender for the privatisation of Puerto de Ilo</p> <p>Financial Advisor to Cepri-Puerto de Ilo</p> <p>ABN AMRO Bank N.V.</p> <p>Primer Invercionistas & Finanzas S.A.</p>	<p>Willbros Suramericana, S.A.</p> <p>has acquired the outstanding shares in</p> <p>Construcciones Acústicas Mundiales S.A.</p> <p>from</p> <p>Heerema Holding Construction Inc.</p> <p>Financial Advisor: ABN AMRO Bank N.V.</p>	<p>Ceval International Limited</p> <p>(Incorporated in the Cayman Islands)</p> <p>U.S. \$50,000,000</p> <p>U.S. Commercial Paper Programme (Closed at 1994)</p> <p>as to be repaid in other Spanish Countries</p> <p>2% Year Export Programme</p> <p>arranged by a</p> <p>Direct Pay Letter of Credit</p> <p>issued by ABN AMRO Bank N.V.</p> <p>and</p> <p>Export Receivables</p> <p>arranged by Ceval Alimentos S.A.</p> <p>(Incorporated in the Federative Republic of Brazil)</p> <p>Arranged by ABN AMRO Bank N.V.</p>	<p>Wisma dan Bina Sdn Bhd</p> <p>has arranged</p> <p>GRUNEP S.A. Peru</p> <p>Financial Advisor: ABN AMRO Bank N.V.</p>

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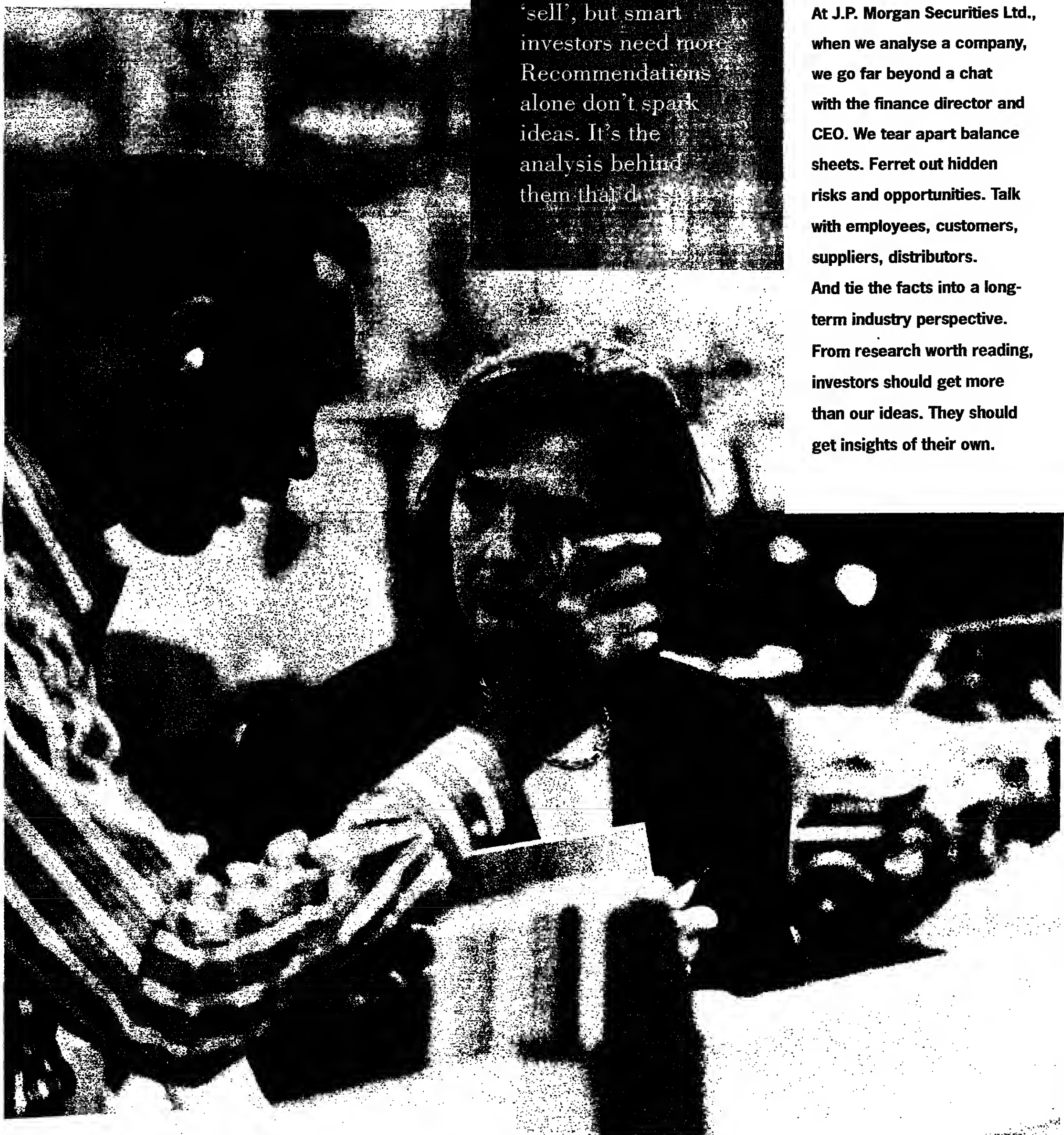
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Morgan equity analyst at a textile mill

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Further to the changes, adopted on December 28, 1994, to the status of the Company and its capital structure, shareholders are informed that the old share certificates will be exchanged against new certificates from March 13, 1995 onwards.

Holders of bearer shares may take this opportunity to request conversion of their bearer shares into registered shares. The holding of certificates for registered shares confers among others two advantages to the shareholders: registered shareholders may more easily follow the evolution of the Company's life, as they will receive on a regular basis all the documents designated for them; when a dividend is declared, the amount due will be directly paid to them on the ex-coupon date.

CERTIFICATES FOR REGISTERED SHARES

The Company will automatically issue and send all the registered shareholders a simplified shareholder confirmation. At the request of the shareholder, the Company will issue certificates for registered shares.

CERTIFICATES FOR BEARER SHARES

The new certificates for bearer shares will be available in denominations of one, one hundred and five hundred shares, each certificate having a sheet of 30 coupons numbered from 1 to 30 attached.

Shareholders are requested to tender their old certificates for bearer shares against certificates for new shares of US\$ 50.- par value, specifying the denominations they want, at the following banking institutions.

BANQUE GENERALE DU LUXEMBOURG.
Principal bank in charge of the operation,
27 AVENUE MONTELEY
L-2163 LUXEMBOURG

CREDIT LYONNAIS
CENTRE ADMINISTRATIF
VALEURS ETRANGERES
DEPOT FRANCE 4730
OPERATIONS SUR TITRES
10-14 CHEMIN DU THON
F- 92010 VALENCIEUX CEDEX

BANQUE DEPARTEMENTALE
44 RUE DE L'INDUSTRIE
B- 1040 BRUXELLES

SOCIETE DE BANQUE SUISSE
LOWENSTRASSE 49
POSTFACH 416
CH- 8021 ZURICH

MIDLAND SECURITIES SERVICES
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4, CHASE METROTECH CENTER
3RD FLOOR
USA-BROOKLYN, NY 11245

The stamped share certificates presently in issue will not be good delivery at the Luxembourg Stock Exchange and at the Hors Cote Etranger in Paris from April 13, 1995 onwards but may always be exchanged at the above-mentioned banking institutions. Old share certificates tendered directly to the Company, in relation to a repurchase, will still be accepted.

As in the past, Pan-Holding shares will continue to be listed on the Luxembourg Stock Exchange and at the Hors Cote Etranger in Paris. The Luxembourg Stock Exchange price is published in the local press and on the Reuters screen under code 00552898XLU.

The net asset value per share, the repurchase and the sale price per share, determined by the Company on each Wednesday, are available at the registered office of the Company on each Thursday and are published daily in the Financial Times under the heading "Offshore and Overseas Funds - Luxembourg Regulator".

On February 15, 1995, the net asset value was US\$ 321.95, the repurchase price US\$ 320.34, and the sale price US\$ 323.55, per share of US\$ 50 per value.

THE BOARD OF DIRECTORS

Renault unveils plant to speed launches

By John Riddling in Paris

Renault, the French vehicles group, yesterday unveiled its Technocentre, a FFr6.4bn (\$1.23bn) design and development plant aimed at increasing the speed and quality of vehicle launches.

Mr Louis Schweitzer, chairman of the state-owned company, said the facility should allow Renault to reduce the development times of new vehicles to about 36 months by the year 2000 and generate savings of between FFr1bn and

FFr1.5bn for each new model. At present, a new vehicle launch costs between FFr4bn and FFr10bn, depending on the model, and takes about 58 months.

The Renault chief compared the Technocentre with similar plants set up by Chrysler of the US and BMW of Germany, but said it was a first for a European volume car manufacturer.

He said that by bringing together on one site all of the staff involved in the design and development of vehicles,

the company could respond more quickly to market demands and improve the quality of the production process.

"Until now Renault has operated in the traditional fashion which consists of conceiving a product, making prototypes and then developing the industrial process," said Mr Schweitzer. "From now on, each function will be conducted simultaneously, which will allow problems to be avoided and improved co-ordination in the development process." He said that suppliers

and component manufacturers would work on the site in conjunction with Renault teams.

The plant, situated about 30km west of Paris, covers 380,000 square metres. Construction started last year and is due to be completed in 1998. Several of the main buildings are nearing completion, however, and the first prototype is expected to be unveiled by this autumn. When finished, 6,300 Renault staff currently spread over 50 sites, and about 1,000 employees from partner companies

will work at the plant. The total land area covers 150 hectares and includes a 600m artificial river and three hectares of lakes.

The project was financed by a banking consortium which remains the owner of the site. From the year 2000, however, Renault has an option to buy the facility for an undisclosed sum. This is expected to be financed by the sale of certain sites at the company's Boulogne-Billancourt headquarters in the western suburbs of Paris.

Hewlett-Packard delights Wall St

By Louise Kehoe in San Francisco

Hewlett-Packard yesterday reported stronger than anticipated results for its first fiscal quarter and announced a two-for-one stock split and a dividend increase.

The announcements surprised Wall Street, driving the company's share price to a new high.

H-P was trading at \$114 in mid-session yesterday, up from Wednesday's close of \$109.50.

The computer and electronics manufacturer reported a 64 per cent jump in net earnings and a 29 per cent increase in net revenue for the first fiscal quarter, which ended January 31.

Net revenue for the quarter totalled \$7.2bn, up from \$5.7bn in the first quarter of fiscal 1994. Net revenue in fiscal 1994 was \$3.2bn, up 22 per cent, while net revenue from outside

the US rose 34 per cent to \$4.1bn.

Net earnings for the quarter were \$602m, or \$2.30 a share. This compares with earnings of \$368m, or \$1.42, in the same period a year ago.

The two-for-one split of H-P's common stock is effective March 24, the company said. The quarterly dividend on the common stock will rise from the current rate of 30 cents a share to 40 cents a share. After the stock split, the adjusted dividend will be 20 cents a share a quarter.

The company said that orders booked during the quarter by its computer business totalled \$6.1bn, a 26 per cent increase over the year-ago period, with demand strong in all product categories.

H-P's test and measurement electronic components and medical instruments divisions also saw strong growth in orders.

Transamerica posts record fourth period

By Maggie Urry in New York

Transamerica, the US financial services group which last year paid \$1bn for the container leasing business of Tiphook, the UK trailer rental company, reported record earnings for the fourth quarter of 1994.

Life insurance, commercial lending and leasing were the main contributors to the strong performance.

Mr Frank Herringer, president and chief executive, called 1994 an "excellent year" and said "1995 will be another good year for Transamerica".

Fourth-quarter net income from continuing operations, but excluding investment gains, was \$109.4m, or \$1.37 a share, up from \$101.4m, or \$1.24, for the year, net income was \$12.9m, or \$0.35, against \$97.1m, or \$4.76.

The life insurance operation

reported operating profits of \$70.5m in the quarter, up 27 per cent from \$55.5m, and for the year showed an increase of 16 per cent to \$250.2m. The gain was due to improved spreads and higher fees, and the growth of the annuity and special risk business, as well as an "excellent mortality experience" during the period.

The Tiphook acquisition boosted leasing operations, which increased fourth-quarter operating profits 16 per cent to \$18.5m. However, the rise in mortgage rates cut profits at the real estate services division, where operating profits fell to \$7m from \$23.2m.

During the year the group sold its mutual fund business for \$100m and its 21 per cent stake in Sedgwick, the UK insurance broker, and bought back 7.2m shares and some perpetual preferred stock.

Moore Corp sets out plans for expansion

By Bernard Simon in Toronto

Moore Corporation, the Toronto-based multinational business forms and information-handling group, is starting to broaden its horizons after an 18-month shake-up.

Mr Reto Braun, chief executive, said yesterday that the company planned acquisitions as well as internal growth to meet its target of expanding revenues by 10 per cent a year.

Moore posted earnings of US\$39.2m, or 39 cents a share, in the final quarter of 1994, compared with a loss of \$13.2m, or \$1.39, a year earlier. The 1993 loss was due to a \$229m restructuring charge. Sales rose to \$629.8m from \$600.3m.

Earnings for 1994 as a whole were \$121.4m, or \$1.22 a share, compared with a 1993 loss of \$77.6m, or 76 cents.

Moore forecasts 1995 earnings of about \$1.40 a share, excluding proceeds from the sale of the bulk of its stake in Toppin Moore, a joint venture with Japan's Toppin Printing.

Costs rose at almost double the pace of revenues in the fourth quarter, due largely to unexpected disruptions in closing three US manufacturing plants. Sales volumes declined, partly as a result of a steep rise in paper prices.

Moore has shut nine plants in the past 15 months, and is in the process of closing another four. It has cut about 1,900 jobs and discontinued many unprofitable product lines.

Cash reserves are expected to rise to \$575m by the end of March, following the disposal of the Toppin Moore shares. Moore will receive \$350m from the sale, reducing its stake from 45 per cent to 10 per cent.

Demand boosts Navistar to \$23m in opening term

By Laurie Morse in Chicago

Navistar, the Chicago-based truck and diesel engine assembler, said a continuing surge in US truck demand lifted first-quarter net income to \$23m, or 21 cents a share, up 44 per cent from \$16m, or 14 cents, in the fourth quarter of 1994.

Revenues in the period to January 31 rose to \$1.42bn, from \$1.14bn a year ago. Rapid expansion in the trucking industry has pushed Navistar beyond capacity, with the company adding shifts and extra workers. During the most recent quarter Navistar's shipments of trucks and school bus chassis rose 24 per cent to 25,500 units. Mid-range diesel engine shipments, primarily to Ford Motor for use in its pick-up trucks, rose 22 per cent in the period to 35,400 units.

Analysts said the high cost of meeting engine commitments to Ford dented Navistar's overall profit margins by about \$10m, or 8 cents a share, during the quarter, leading to disappointing earnings. Wall Street had expected Navistar to earn about 26 cents a share in the quarter.

The company told analysts that reduced shipments to Mexico because of the financial crisis there would reduce after-tax profits for the year by about \$5m.

Mr John McGinty, analyst for CS First Boston, said that Navistar had ordered new equipment that should cut production costs in the second and third quarters. In spite of higher interest rates, Navistar and other trucking industry sources do not see a slowdown in demand.

NEWS DIGEST

Endesa profits move ahead 13% to Pta132bn

Spain's biggest electricity supplier, the 65 per cent state-owned Endesa, yesterday announced a 13.6 per cent increase in group net profits to Pta132.7bn (\$4,000m) in 1994 from Pta116.8bn the previous year, writes David White in Madrid.

The group, a candidate for further privatisation, saw its turnover rise by 7.8 per cent to Pta111.5bn. This reflected growth of just over 9 per cent in its electricity production, giving it a 58 per cent share of the Spanish market.

Endesa's total debts at the year end rose to Pta59.8bn from Pta58.1bn, but the higher figure included Pta8.8bn relating to companies newly incorporated in the group.

Last year, Endesa agreed to buy Pta56m worth of assets from Sevillana de Electricidad, the southern Spanish producer, and to increase its stake in Sevillana to around 40 per cent by buying a 6 per cent interest from Banco Bilbao Vizcaya.

Under the deal it assumed full control of Enaceo, a Cordoba electricity company, in which it had held 50 per cent. The agreement was part of a reorganisation of the Spanish generating industry.

The company said its new acquisitions had enabled it to improve its production mix, increasing installed capacity by 11.9 per cent.

AT&T price cut sparks sector share fall

Another skirmish in the fight for customers between the three main US long-distance telephone companies was sparked yesterday when AT&T, the largest carrier, announced further price reductions, writes Maggie Urry. Share prices of the three fell in reaction, with AT&T stock down 11% to \$51, MCI Communications \$1 lower at \$19% and Sprint also \$1 down at \$29%.

AT&T said it was cutting consumer long-distance prices by a net \$230m, through a combination of \$850m of promotions and savings plan discounts partially recouped through a \$420m increase in other prices such as for directory enquiries. Consumers will be offered a "free weekend" of long-distance calls and a 50 per cent cut in prices on weekend international calls to those who join a World Savings plan.

AT&T said it would next week file a 2.9 per cent price rise for business long-distance calls. Advisers to AT&T and LIN Broadcasting, the mobile telephone and TV company of which AT&T owns 52 per cent, have differed sharply over the valuation of the remaining 48 per cent of LIN still in public hands, adds Tony Jackson in New York.

The valuation may determine whether AT&T exercises its right to buy the outstanding minority shareholding in LIN, which is valued at about \$3.6m, or sells the whole company.

Morgan Stanley, the investment bank appointed by AT&T through its recently acquired subsidiary McCaw, has arrived at a private market value for LIN of \$106 a share. Lehman Brothers and Bear Stearns, acting for LIN, say it is worth \$158 a share.

Northrop Grumman pushed deeper in red

Northrop Grumman, the US defence group, took pre-tax charges totalling \$24m in its fourth quarter, producing a net loss of \$121m, compared with a net loss of \$35m in the 1993 period, and a fall in net income for the year to \$35m from \$96m in 1993, writes Maggie Urry.

Of the charges, \$22m related to an early retirement programme as the group cut staff. Earnings per share were 72 cents for the year, down from \$1.59, and the fourth-quarter loss per share was \$2.45, against a loss of 73 cents. However, excluding the charges, and other one-off items in 1993, earnings per share would have been \$5 in 1994, compared with \$4.71 in 1993.

Sales for the year were \$6.7bn, up from \$5.1bn, helped by the acquisition of Grumman in April and Vought Aircraft later in the year.

GiroBank tumbles to deficit of DKr642m

Denmark's GiroBank, partially privatised two years ago, suffered a loss of DKr642m (\$106m) in 1994, compared with a profit of DKr656m in 1993, writes Hilary Barnes in Copenhagen. The board recommended that no dividend be paid.

The deficit at Denmark's fifth-largest bank was caused by unrealised losses of DKr1.04bn on its securities portfolio, which reflected the fall in bond prices last year. In 1993 the bank scored an unrealised gain on the securities portfolio of DKr379m.

Net interest income fell to DKr1.25bn from DKr1.78bn in 1993. Costs, however, declined to DKr1.72bn from DKr1.89bn and loss provisions to DKr1.84bn from DKr1.93bn. Total assets fell to DKr70.64bn from DKr69.11bn.

Rogers revalues holding in Unitel

Rogers Communications, Canada's biggest cable-TV operator, has written off one-third of the value of its 30 per cent stake in Unitel Communications, the troubled Canadian long-distance telephone group, writes Bernard

Simon. Rogers is considering whether to exercise an option on a 48 per cent stake in Unitel held by Canadian Pacific. If it went ahead, Rogers would divide the CP shareholding with AT&T, the US telephone company, bringing Rogers' interest to 67 per cent and AT&T's to 33 per cent.

Rogers, which also has wireless and publishing interests, posted a loss of C\$128.1m (US\$99.64m), or 81 cents a share, last year, down from C\$182.4m, or C\$1.24, in 1993. Revenues climbed 68 per cent to C\$2.25bn, mainly due to last year's acquisition of Maclean Hunter, the cable-TV and publishing group.

KKR to cut stake in RJR Nabisco

Kohlberg Kravis Roberts, the Wall Street investment firm, is to reduce its stake in RJR Nabisco to a smaller-than-expected 8 per cent as part of its agreement to buy Borden, the troubled US food group, writes Richard Tumkins in New York.

Until recently KKR owned 35 per cent of RJR Nabisco - a legacy of its \$26bn leveraged buy-out of the tobacco and food group in 1989. But last September KKR announced plans to use its RJR Nabisco shares to finance the takeover and restructuring of Borden.

Under the original plans, the total cost of the deal would have cut KKR's stake in RJR Nabisco from 35 per cent to 11 per cent. But yesterday, Borden said the portion of RJR shares sold to raise money for its restructuring - originally 70m - had risen to 120m, so further cutting KKR's stake to 8 per cent.

With RJR Nabisco's shares trading at \$5% yesterday, the sale of 120m shares would have been worth \$90m at open market prices.

Borden said the net proceeds would be used to cut its debt and improve its financial condition. However, the move will be seen by Wall Street as further evidence of KKR's desire to withdraw from RJR Nabisco, which has proved to be a disappointing investment.

Loblaw sales, earnings better than expected

Loblaw, Canada's biggest food distributor, raised its share of the important Ontario market last year and turned in better than expected sales and earnings, writes Robert Gibbons in Montreal.

Net profit was C\$126.7m (US\$90.27m) or C\$1.51 a share, up 38 per cent from C\$93.4m, or C\$1.07, in 1993. Sales rose 7 per cent to C\$10bn.

Fourth-quarter profit was C\$42.4m, or 51 cents, up 62 per cent from C\$26.1m, or 31 cents, on sales of C\$2.4bn, up 10 per cent.

All divisions contributed better results, said Loblaw, which is controlled by the Weston family. The 1993 results were adversely affected by a strike at its US grocery division.

Western Canada's results were strong last year, but Loblaw is still struggling to improve performance in the maritime provinces. It expects net proceeds of C\$300m from the sale of its US division, to be used to reduce debt.

Telelobe revenues advance 16.4%

Telelobe, Canada's overseas telecommunications group, had fourth-quarter operating revenues of C\$174m (US\$123.7m), up 16.4 per cent from a year earlier, with a 12.5 per cent growth in traffic, writes Robert Gibbons.

After special restructuring provisions, final net profit was C\$27.2m, or 37 cents a share, against C\$27.6m, or 43 cents, on fewer shares outstanding.

For all 1994, Telelobe, 24 per cent held by BCE, reported net profit of C\$90.9m, or C\$1.25, up from C\$71.9m, or C\$1.14, in 1993. Total revenues were C\$1.5bn, up 5.2 per cent.

Capital outlays, including its share of the Canat 3 transatlantic fibre-optic cable now in service, were C\$255m against C\$310m in 1993.

Nordic Investment Bank lifts profits 53%

Nordic Investment Bank, the Helsinki-based bank jointly owned by the five Nordic countries, lifted profits by 53 per cent to Ecu98m (\$78.4m) from Ecu64m a year earlier, writes Christopher Brown-Hume in Stockholm.

It benefited from a 14 per cent rise in net interest income to Ecu14m and an absence of loan losses. Only two loans, for a combined Ecu22m, out of a total loan portfolio of Ecu4.6bn were not being fully serviced, it stated.

The bank said increasing investment activity in the Nordic region was reflected in higher demand for loans. Nordic loans totalled Ecu55m, pushing up total disbursements by 16 per cent to Ecu75m.

More than half the Nordic loans were made to manufacturing projects, led by the pulp and paper sector. But financing of infrastructure projects was increasing, the bank noted.

NIB retains a triple A credit rating, the only Nordic bank in this class. Lending is generally to Nordic customers or for projects with a Nordic interest outside the region.

Foster's seeks new opportunities for growth

Foster's Brewing, whose Courage subsidiary in the UK has been the focus of recent sales rumours, stressed yesterday that it was looking to new beverage-related investments, to take up the running from its more mature operations, writes Our Financial Staff.

Notice to holders of KURARAY CO., LTD.

(the "Company")

Warrants to subscribe up to ¥19,200,000,000 for shares of common stock of the Company issued in conjunction with U.S.\$150,000,000 2 1/4 per cent Bonds due 1996 (the "Warrants 1996")

and Warrants to subscribe up to ¥22,400,000,000 for shares of common stock of the Company issued in conjunction with U.S.\$200,000,000 1 1/2 per cent Bonds due 1998 (the "Warrants 1998")

Pursuant to Clause 4(c) of each of the Instruments of 8th August, 1992 relating to the Warrants 1996 and 27th January, 1994 relating to the Warrants 1998, it is notified to you that:

1. The Board of Directors of the Company, at its meetings held on 24th January and 1st February, 1995, resolved to issue concurrently U.S.\$100,000,000 4 1/2 per cent bonds due 1999 with warrants and ¥150,000,000 convertible debentures due 2002 on 9th February, 1995 with both the initial subscription and conversion prices of ¥1,036.00 per share.

The current market price of shares as calculated pursuant to the relevant provisions of the aforesaid Instruments during the 30 day period from and including 24th November, 1994 to and including 30th January, 1995 was ¥1,187.00 per share.

2. The aforesaid issues resulted in adjustments to the subscription prices per share of the Warrants 1996 and the Warrants 1998 as follows:

the Warrants 1996	
Subscription Price before adjustment	¥ 957.00
Subscription Price after adjustment	¥ 948.20
the Warrants 1998	
Subscription Price before adjustment	¥1,077.00
Subscription Price after adjustment	¥1,067.10

The aforesaid adjustments took effect as from 10th February, 1995, Japan time.

KURARAY CO., LTD.

1-12-30, Umeda, Kita-ku, Osaka, Japan
by: The Fuji Bank and Trust Company
as Disbursement Agent

17th February, 1995

Heron International N.V.

Notice to Non-Assenting Shareholders

Pursuant to article 25 of the articles of association of Heron International N.V. ("HINV")

An offer was made on 28 October 1994 by

HINV Acquisition Limited

(now Heron International Limited) ("HIL")

for the entire issued common share capital of HINV ("Offer")

The board of directors of HINV having received written request from HIL that HINV redeem all common shares of 25p each in the capital of HINV which are not in the control of HIL as a result of the Offer ("minority shares") and having approved such redemption, HINV hereby notifies all holders of minority shares that, with effect from 90 days from the date of the publication of this notice ("90 day period"), all minority shares which have not by such date been assented to the Offer shall be redeemed by HINV at 3p (netting) per share (being the same price as that offered to holders of common shares under the Offer) ("redemption price").

Any person whose HINV common shares shall have been so redeemed shall be entitled to claim his/her entitlement to the redemption monies on presentation of his/her certificate representing his/her holding and after establishing to the board of directors of HINV's satisfaction that such person was in fact a holder of such minority shares and is therefore entitled to a portion of the redemption monies. The unclaimed redemption monies will be placed in a Netherlands Antilles Government deposit ("consignation") as required by article 25 of HINV's articles of association. A holder of minority shares, who is or may be so entitled, may dispose of his/her minority shares during the 90 day period at the redemption price by contacting Neil Parsons at Heron House, 59 Marylebone Road, London NW1 5JL, England and after the expiry of the 90 day period claim his/her entitlement to the redemption monies by contacting Annelise van Lommel at HINV's registered office.

By order of the Board of Directors of Heron International N.V.

Registered Office:
Kaya W.F.C. (Jombi) Messing 18, Willemstad, Curaçao, Netherlands Antilles
Dated: 14 February 1995

CITIBANK N.A.

acting through its Brazil branch

US\$70,000,000 Brazil Floating Rate Notes due August 17, 1997
Notice is hereby given that the Rate of Interest has been fixed at 10.0425% and that the interest payable on the relevant period Payment Date August 17, 1995 against Coupon No. 2 will be US\$505.92 in respect of US\$10,000,000 of the Notes, US\$5,059.20 in respect of US\$100,000,000 of the Notes and US\$12,448.00 in respect of US\$250,000,000 of the Notes.
February 17, 1995, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

ECU 300,000,000

Kingdom of Belgium

INTERNATIONAL COMPANIES AND FINANCE

Packer wants to control Fairfax

By Nikk Tait
in Sydney

Mr Kerry Packer, the Australian businessman who has recently been building up his stake in John Fairfax, said yesterday he would like to control the newspaper publisher.

Mr Packer said he believed it would be legal for him to hold a 24.8 per cent stake in the group, although this view would appear to contravene the country's media cross-ownership rules.

A stake of 24.8 per cent would be just below the interest held by Mr Conrad Black, the Canadian publisher.

Australia's media cross-ownership rules suggest that 15 per cent would be deemed a "control" position, thus limiting Mr Packer's stake in Fairfax to this amount because he has other TV interests in the country.

However, the rulings are not clear-cut. The Broadcasting Services Act suggests, for example, that control can exist above or below the 15 per cent level, depending on circumstances.



Rival shareholders: Conrad Black (left) and Kerry Packer

Mr Packer appears to be attempting to argue that he would not be in a control position while Mr Black has a bigger stake and seats on the board.

Mr Packer's comments came amid fresh signs that his stake-building is continuing. He disclosed earlier this week that his stake had reached 16.4 per cent of Fairfax's equity if some non-voting convertible debentures

were included. With further heavy trading in Fairfax shares yesterday, dealers suggested that Mr Packer's interest may now stand at about 17.5 per cent on a fully diluted basis.

Mr Packer made his remarks in a rare TV interview, in the course of which he was asked if he thought the media cross-ownership rules were a joke. "They are certainly being

treated as a joke," he replied.

Mr Packer, confirming that he would like to control Fairfax, claimed to be positioning himself so that he was on an equal footing with Mr Black if media ownership constraints in Australia were relaxed.

Mr Packer said he was manoeuvring himself so that "if they [the rules] do go away, I'm in a position to rough equity with Conrad Black to decide the future of... John Fairfax".

Mr Black suggested last year that he would like the limit on his holding - restricted to 25 per cent under rules for foreign ownership of the media - raised to 35 per cent. However, the federal government has to date maintained the status quo.

Mr Rupert Murdoch, who acquired a small stake in Fairfax last year, is understood not to have been involved in recent share-buying.

The Australian Broadcasting Authority is looking into the Packer purchases. Fairfax publishes the Sydney Morning Herald, the Melbourne Age and the Financial Review.

Foreign investors set to buy into Satelindo

By Mariana Samogosa
in Jakarta

Satelindo Palapa Indonesia (Satelindo), an unlisted Indonesian satellite communications company partly owned by Indosat, the state-controlled international telecommunications group, is expected to sell a 25 per cent stake to a foreign investor through an issue of new shares.

Cable & Wireless of the UK, Deutsche Telekom, France Telecom and Nynex of the US are competing to buy into Satelindo. The Indonesian company was established two years ago and is emerging as a competitor to Indosat, which was listed in Jakarta and New York last year.

Indosat and Satelindo compete in handling international direct calls, but competition is limited to marketing techniques rather than pricing.

Cable & Wireless and Deutsche Telekom are seen to be making the most aggressive pitches for the Satelindo stake. Negotiations between the various parties are under way but a winner is not expected to be announced until mid-March.

Satelindo is jointly owned by Telkom, the state-owned domestic telecommunications company, Indosat and Bina-graha Telekomindo, another Indonesian telecommunications group.

Next October, Satelindo plans to launch the Palapa G-1 satellite from French Guiana through the European space consortium ArianeSpace.

Satelindo, which has been given a licence by the government to own and operate Indonesia's third generation of satellites, known as Palapa C, said the satellite's footprint would stretch from Iran to Vladivostok and south to New Zealand.

In addition to operating satellites and international direct services, Satelindo manages a mobile phone system.

Analysis says it is likely that Satelindo will seek a stock exchange listing soon after it has teamed up with an international telecommunications company.

Israel raises Shk850m from sale of property developer

By Julian Goss
in Jerusalem

The Israeli government said yesterday it had sold Housing and Development, a large state-owned property development company, to a consortium of private local and foreign investors for Shk850m (\$283m).

Mr Yossi Nitzani, director of the government companies authority charged with privatising state-owned companies, said the sale reflected the government's determination to increase the pace of privatisation this year.

Mr Nitzani said Housing and Development had been sold to a consortium comprising Azorim, a property company in the

Gil group, Israel Corporation, owned by Mr Shaul Eisenberg, and the Renaissance Fund, a \$150m foreign investment fund of Israeli, Canadian and US investors.

Azorim will own 50.1 per cent of the company, Israel Corporation 25.1 per cent and Renaissance the remaining 24.8 per cent.

The deal requires the approval of parliament and the supervisor of monopolies.

The sale of Housing and Development is the second large deal concluded this month following the sale to Mr Eisenberg of a 24.9 per cent controlling stake in Israel Chemicals for \$230.3m. The deal received parliamentary approval on Wednesday.

Mr Nitzani, who spent the last week fighting to get Israel's parliament to approve the Israel Chemicals sales, said that in spite of continued opposition from workers and politicians, the government was pressing ahead with its privatisation programme.

"We are now seeing the fruits of our work in the last couple of years and it shows that if you are professional, stubborn and you don't give up, eventually you will get to your goals," Mr Nitzani said.

Mr Jonathan Kolher, joint manager of the Renaissance Fund, said investors were pleased with the deal and the company had been bought at a good price.

Goodman Fielder to sell Asian interest

By Nikk Tait

Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia which range from distribution to ice-cream and cakes, for \$191.9m (\$128m).

The Sydney-based group said yesterday it had received an offer, worth \$42.42 a share, from a consortium of Asian investors.

The principal investor in the consortium is Mr R. Endang Utami Mokodompit of Indonesia's Bank Pacific.

Also involved is South Quay, a private Hong Kong-based company, whose ultimate shareholders are Mr Wee Sin Tho and Mr Neo Hock Soon.

As required under Singapore rules, the consortium will also make a general offer to remaining minority shareholders in GFA.

Goodman, which has been the subject of shareholder disquiet recently and seen a series of management and boardroom changes, stressed that the sale did not mean that it was pulling out of Asia.

It said rather than managing an Asian growth plan through

the publicly-listed entity was not the best way to proceed.

Goodman acquired a stake in GFA, formerly known as Cold Storage, in 1988. Cold Storage's retail operations were sold, and the name changed.

The business has been rationalised recently, and made a pre-tax profit of \$36.5m in 1993-94.

About 85 per cent of the profits came from food distribution businesses in Singapore, Malaysia, Thailand and New Zealand.

Goodman, which expects to show a very small net abnormal loss on the deal, added that its future focus in Asia would be on snacks, fats and oils, and frozen Chinese foods.

It shares closed one cent lower at A\$1.27.

Mr John Ralph, former managing director of GFA, the large Australian resources group, has resigned from the board, and will not now succeed Mr John Uhrig as chairman at the end of 1995, as previously announced.

Mr Ralph will, however, have a consultancy agreement with the company.

Personal reasons were cited for the decision.

NZ group optimistic despite loss

Fay Richwhite, the New Zealand financial services company which its two majority shareholders want to privatise, yesterday said its balance sheet was strong in spite of reporting a NZ\$7.3m (\$4.6m) loss in the first half. Reuter reports from Wellington.

The company added that it expected to return to profitability in the second half.

The group's main business units, comprising Doyle Peterson Brown and Securities Trading in New Zealand and the corporate finance divisions in New Zealand and Australia, were expected to perform to budget in the second six months.

"As a result, the company should trade profitably in the period to June 30 1995," it said.

Plans to sell the Australian trading operation, which made a NZ\$2m loss in the period, were not realised because of an absence of buyers and the international downturn in securities trading.

Principals Sir Michael Fay and Mr David Richwhite plan to buy the 28 per cent of shares that they do not already own and privatise the company.

Swissair unit in takeover bid for Australian group

By Nikk Tait

A wholly-owned subsidiary of Swissair yesterday unveiled a takeover bid for M.S. McLeod, the listed Australian group which owns Downtown Duty Free, the country's largest duty-free retail business.

The offer of 90 cents a share values McLeod at A\$24.6m (\$18.9m).

The Swissair offer comes just over a month after Lion City, a private holding company owned by the Singapore-based Jumabhai family, announced plans to acquire a 45.7 per cent interest in the Australian group. That offer was priced at 84 cents a share.

The 12.5m shares were to be sold by a number of private shareholders, including Outer Hebrides Pty, the trustees of the estate of M.S. McLeod, Mr Henry Cross, and Blackberry Pty.

Downtown Duty Free takes in off-airport outlets in big cities and some city suburban areas and tourist centres.

Coles unveils plan to cancel most of buy-back shares from Kmart

By Nikk Tait

Coles Myer, Australia's largest retailer, yesterday unveiled a three-part package to deal with the remaining 147.5m shares which it bought back last year from Kmart, the US retailer.

The shares are equivalent to 12.72 per cent of Coles' equity and worth about A\$650m (\$485m) at yesterday's prices.

About two-thirds of the shares will be cancelled. Coles said it would ask shareholders to approve a cancellation by way of selective capital reduction for 95.6m shares, representing 8.23 per cent of its equity.

A shareholder meeting has been called for March 23. Mr Solomon Lew, Coles' chairman and its largest single shareholder, said the aim was to cancel as soon as possible after that.

A second tranche of 21.6m shares, or 1.86 per cent of the equity, will be distributed to

Coles' existing shareholders in July via a fully-franked "buy-back" dividend. Shareholders will receive one share for every 50 shares currently held.

Mr Lew said the number of shares handed out in this way was limited by the available pool of franking credits.

Coles said 30.5m shares will remain in a trust, and units in the trust will be sold to the Australian Mutual Provident Society, one of Australia's largest institutional investors, for A\$139m. Coles said that, aside for benefits which might arise from certain tax credits, this structure would have no other assets.

The 30.5m shares represent 2.63 per cent of Coles' equity, and the purchase of the units will mean that AMP's interest in Coles will rise to about 5.25 per cent.

Coles, which has been criticised on corporate governance grounds and for its flat profits performance in recent years, bought back a total of 276.8m

shares - then equivalent to a 21.45 per cent stake - from Kmart last year, paying A\$4.55 a share. It has already cancelled one tranche of 129m shares.

In a statement accompanying news of the disposal plans, Mr Peter Bartels, chief executive, indicated that profits growth should be evident when the company announces interim results next month.

"Profits for the first half are expected to increase ahead of sales when the company announces its interim results," he said. Last week, Coles reported a 6.7 per cent improvement in sales in the 26 weeks to end-January.

Mr Bartels also said that further asset sales were imminent, although he gave no details. In November, Coles announced a A\$500m property sale, involving a number of retail and shopping centre assets.

Coles' shares rose 10 cents yesterday to A\$4.40.

NOTICE TO THE HOLDERS OF
US\$ 500,000,000
CS HOLDING FINANCE B.V.
(Incorporated with limited liability in the Netherlands)

4 1/2% Subordinated Convertible Bonds Due 2002

Guaranteed on a Subordinated Basis by,
CS Holding
(Incorporated with limited liability in Switzerland)

Substitution of the Obligor

Notice is hereby given pursuant to clause 15 (b) of the Trust Deed dated 19th November 1992 (the "Principal Deed"). The Law Debenture Trust Corporation p.l.c. (the "Trustee") has agreed to the substitution of CS Holding Finance (Guernsey) Ltd. (the "Substituted Obligor"), being a Subsidiary of CS Holding (the "Guarantor"), in place of CS Holding Finance B.V. (the "Issuer").

Under a supplemental trust deed dated 24th January, 1995 (the "Supplemental Trust Deed") and with effect as of 31st December, 1994 CS Holding Finance (Guernsey) Limited has agreed to be bound by the terms of the Supplemental Trust Deed, the Bonds and the Coupons as fully as if it had been named in the Principal Deed and on the Bonds and the Coupons as the principal debtor in place of the Issuer. The Guarantor has agreed and declared that the obligations of the Substituted Obligor under the Supplemental Trust Deed are guaranteed and indemnified in the same terms (with consequential amendments as necessary) as the guarantee contained in the Principal Deed which shall continue in full force and effect and be fully valid in relation to the Substituted Obligor.

Save as expressly modified by the Supplemental Trust Deed, the Principal Deed, the Bonds and the Coupons shall continue in full force and effect. The Principal Deed shall benefit from the read and construed as one instrument with the Supplemental Trust Deed and the Substituted Obligor will be deemed to be named in the Principal Deed and on the Bonds and Coupons as the principal debtor in place of the Issuer and the Principal Deed, the Bonds and the Coupons will be deemed to be modified in such manner as shall be necessary to give effect to the substitution.

Copies of the Principal Deed, the Supplemental Trust Deed and the Supplemental Agency Agreement are available for inspection at the principal office of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY) and at the specified offices of the Registrar (presently at 56 Grand Rue, 1660 Luxembourg) and the Principal Paying and Conversion Agent (presently at Paradeplatz 8, 8021 Zurich).

Zurich, 17 February 1995

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NORWEB

KOLON INTERNATIONAL CORP.
(Incorporated in the Republic of Korea with limited liability)

Notice
to the holders of the outstanding
U.S. \$20,000,000
1% Convertible Bonds due 2008
(the "Bonds")

of
Kolon International Corporation
(the "Company")

Notice is hereby given to the holders of the Bonds that the Board of Directors of the Company has passed through resolution dated November 21, 1994, authorising the issue of 2,433,321 shares of its common stock to the holders of common stock and preferred stock by way of rights offering. The record date for such issue was December 31, 1994. Pursuant to the provisions of the Trust Deed constituting the Bonds, the Conversion Price of the Bonds has been adjusted from Won 16,025 to Won 14,828 effective immediately after the company has sold the issue price on February 4, 1995 but retroactively to immediately after the record date.

The Chase Manhattan Bank, N.A.
for and on behalf of
Kolon International Corp.

February 17, 1995

DECLARATION OF DIVIDEND No. 36

The Trustees of the Worldinvest Income Fund are pleased to announce a final US\$7.50 per share distribution to Shareholders in respect of the half-year period from July 1, 1994 to December 28, 1994.

For holders of bearer units with accompanying coupons, Coupon Number 36, and any previously un-presented coupons, may be presented for payment on or after February 1, 1995 to:

BankAmerica Trust Company (Jersey) Limited,
PO Box 120, Union House, Union Street, St. Helier,
JERSEY, Channel Islands JE4 8OE

For holders of registered units, the dividend will be distributed in accordance with individual mandating instructions in place.

Payments will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

DECLARATION OF DIVIDEND No. 4

The Trustees of the Worldinvest Excelle Fund are pleased to announce a final £0.35 per share distribution to Shareholders of the Global Fixed Income Sub-fund in respect of the half-year period from July 1, 1994 to December 28, 1994.

The dividend will be distributed in accordance with individual mandating instructions in place and will be paid on February 1, 1995.

In accordance with the standard conditions relating to the payment of dividend No. 94 declared on 17 January 1995, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R5,3364 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 14 February 1995, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of the dividend (No. 94) of 80 cents per ordinary share is therefore 14.44982 pence per share.

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15 February 1995

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CHASE

COMPANY NEWS: UK

Year-long search ends with appointment of former Westland chairman

BICC names GKN man for top job

By Tim Burt

BICC, the cables and construction company, yesterday ended a year-long search for a chief executive by appointing Mr Alan Jones - former chairman of Westland Group - from GKN, the motor components, industrial services and defence equipment manufacturer.

Shares in GKN, where Mr Jones assumed control of the defence businesses last year following the acquisition of Westland, fell 9p to 577p amid market fears that his departure could hamper its chances of winning helicopter orders.

BICC, by comparison, saw its shares climb 7p to 329p as analysts predicted the new chief executive would act quickly to strengthen the balance sheet and improve dividend cover.

"He will have total responsibility for the day-to-day management of the business and I'm sure he will make an impact," said Sir Robin Biggs, BICC chairman.

Mr Jones, who has signed a two-year rolling contract worth almost £300,000 a year, was

considered a leading contender to succeed Sir David Lees as GKN chairman following his retirement at the end of next year.

Mr Jones said: "I'm delighted to be back as chief executive of a public company."

Initially, he will work closely with Sir Robin, who last month signed a new three-year contract. The BICC chairman is expected to remain in a full-time role for only the next 12 months and could assume a non-executive function thereafter.

Such a scenario would make Sir Robin, 55, a leading candidate for other companies, and analysts yesterday linked his name with BTR, the industrial conglomerate. "This gives him a greater opportunity to move on," said Mr Charles Burrows at James Capel. "I don't think Alan Jones would have come in otherwise."

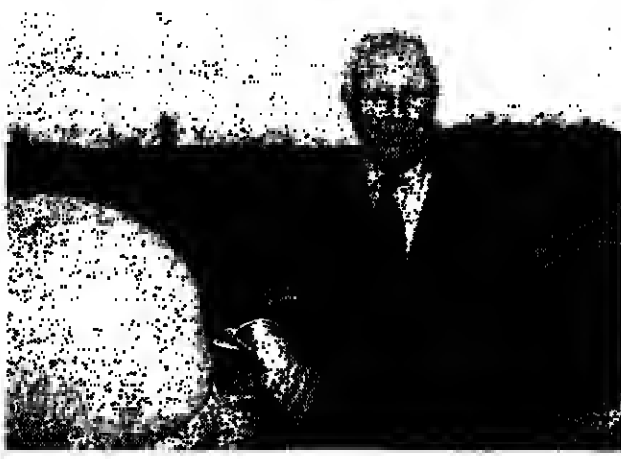
News of Mr Jones' departure surprised workers at Westland, where he was leading negotiations on a £1bn Ministry of Defence order for its EH101 transport helicopter. "The tim-

ing was unfortunate as we are moving into a crucial period in the next couple of weeks on the EH101," said one company insider. However, Westland is still expected to win at least part of the MoD order.

Winning against stiff competition from Boeing of the US would secure thousands of jobs at Westland's Yeovil plant in Somerset, and improve the export prospects for the EH101. Westland is also bidding to supply the British Army with £2bn of attack helicopters. It has the leading contender, the US-designed Apache.

Mr Jones, who claimed he was the "leading spirit" behind the bid to secure orders for the EH101 and Apache, admitted his move "may be a blow for GKN".

Sir David Lees played down the impact of the boardroom changes and pointed out that Mr Jones would remain with GKN until the end of March, by when the government is expected to have announced its EH101 decision. "I'm jolly sorry to be losing Alan, but orders are about companies and prod-



Alan Jones: contract worth almost £300,000 a year

ucts and not about people," he said.

GKN acted to fill the gap yesterday by appointing Mr David Wright, chief executive of special vehicles operations, to succeed Mr Jones as managing director of the aerospace and special vehicles division. Mr Wright, 54, has been credited with restructuring GKN's

armoured vehicle production and helping to secure exports, including a Kuwait order for 200 Warrior armoured vehicles worth more than £500m.

Profits from such orders are likely to contribute to GKN's profits of about £200m for 1994. BICC is expected next month to announce 1994 profits up from £104m to £132m.

LEX COMMENT

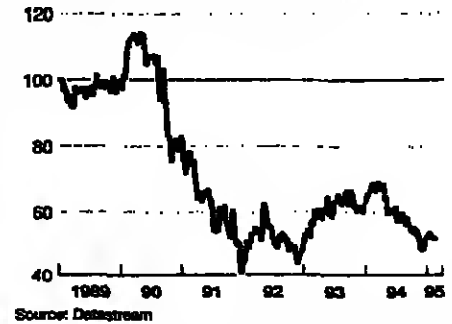
Albright & Wilson

The low price set for Albright & Wilson's placing and public offer says more about the UK new issues market than the condition of the chemicals company. The market is suffering a bout of indigestion, as shown by the two issues pulled last week.

That is not to say there are no doubts about Albright & Wilson. The chemical company's financial record is erratic, with its detergents division posting lower operating profits in the past two years. The timing of the group's \$58m investment in Mexico last year was unfortunate and will necessitate large currency translation losses. The chief executive and finance director are due to retire within two years leaving no obvious successors. And the group is embroiled in litigation over a significant US accident and its less than enviable environmental performance.

Tenneco

Share price relative to the S&P Composite



That said, there is a tendency to exaggerate companies' problems before an offer in order to drive the price down. That has clearly happened during this issue. The 150p price is 22 per cent lower than originally expected. On a price/earnings basis the group is being sold at a 20 per cent discount to the market. Against the chemicals sector - excluding ICI - it is at a 30 per cent discount. Albright & Wilson has its difficulties, but they do not justify such a low rating.

The only sensible conclusion is that the owner, Tenneco, is so anxious to continue its restructuring programme that it is willing to conclude the sale virtually whatever the price. At this price, the deal is a steal.

Late surge of interest in generators' shares

By Peggy Hollinger

More than 5 per cent of the British population has registered an interest in buying shares in the government's £4bn (£6.20bn) sale of its stakes in the country's two largest electricity generators, National Power and PowerGen.

Mr Kenneth Clarke, the Chancellor, who yesterday launched the UK public offer, said 3.1m people had expressed interest in the offer through high street share shops.

The level of registrations so far has outstripped the 2.6m who registered at a similar stage in the sale of the third tranche of shares in British Telecom, he said.

Advisers to the offer said registrations had jumped sharply over the last week, following the public controversy

which erupted over the pay of chief executives, Mr Ed Wallis of PowerGen and Mr John Baker of National Power. In the last week, 700,000 people had expressed an interest in acquiring shares.

"There was a real surge at the end and the only thing we could put it down to was Ed Wallis's options," an adviser said.

Mr Clarke also unveiled a 10p discount to private investors on the shares, which will be paid for in instalments over three tax years. Institutions will pay 180p per National Power share and 190p per PowerGen share in the first down-payment, against 170p and 185p for private investors.

The second instalment for both private and institutional investors will be 170p for National Power and 185p for

PowerGen. The third payment will be set on March 6, after bids have been received from institutions in the international offer.

The 10p discount is in addition to the retail incentives available to investors who registered with share shops before February 14. They may opt for either a 25p discount on the first 800 shares allocated, spread over the second and third payments, or a one for 15 share bonus on the first 1,200.

The public will be allocated at least 40 per cent of the 805.4m shares on offer, and possibly more depending on interest.

The government will decide later this month how much will be allocated to the public and how much is to go to institutions.

Charles Saatchi departs and may sue

By Diane Summers and William Lewis

The latest development came as it emerged that Mr Bill Muihead, the former head of Saatchi & Saatchi Advertising North America, had authorised a \$50,000 payment to Mr David Burnside, the former head of public relations at British Airways. The payment came after executives in Saatchi's London head office had apparently not been willing to authorise the payment. The company has employed Grandfield, another public relations consultancy, since 1990.

Mr Charles Saatchi, who is already lined up to take a 20 per cent stake in a rival agency established by his brother, said his position had been made "intolerable" because Saatchi & Saatchi had named him in legal actions.

entitled to more than £1m (£1.55m) because his five-year fixed-term contract, at £312,500 a year, has nearly four years to run. He says he will try to settle the matter amicably, but reserves the right to sue.

The company said it accepted his resignation and rejected claims for constructive dismissal. One insider said: "His resignation has saved everybody a lot of trouble. His position was becoming increasingly untenable."

Mr Charles Saatchi stepped down as a director in December 1993. Since then, he has

had little to do with the company. His one official duty for Saatchi & Saatchi was to oversee the creative work for Silk Cut cigarette advertising - an account which moved on Wednesday to Mr Maurice Saatchi's new agency.

Mr Burnside confirmed yesterday that part of the \$50,000 payment he received was for public relations advice he had given to Mr Maurice Saatchi while he was still chairman of the company. Mr Saatchi used Mr Burnside as a consultant during the period April 1 to September 30 1994.

Albright & Wilson priced at 150p

By David Blackwell

Albright & Wilson, the chemicals company being floated out of Tenneco of the US, confirmed yesterday a flotation price of 150p a share, valuing it at £470.3m (£729m).

Tenneco was originally hoping to raise \$600m from the float, which is one of the last big moves in its three-year restructuring. Many in the City of London felt that the issue could have been got safely away at a higher price, probably about 165p.

"Tenneco suffered from a combination of impatience and panic," said one fund manager. "They were so far down the track that to pull it and come back six months later was no longer an option."

The price puts the company on a prospective earnings multiple of 10 - well below comparable UK companies such as Laporte and Allied Colloids at about 13 times.

Tenneco said yesterday that it was expecting gross proceeds from the offering of \$520m, including \$50m of dividend. "Given the very difficult market conditions for the year, we are pleased with the offering, and with the substantial value created at Albright & Wilson over the past two years, which we will now realise," said Mr Dana G Mead, chairman and chief executive officer.

Analysts said that in current market conditions the issue had to be priced attractively. They are expecting the shares to rise strongly when dealings open on March 8.

Closing date for the issue, which is expected to be oversubscribed, is next Friday.

The prospectus estimates operating profits for the year to February 28 at £82.7m and earnings at 15.5p before exceptional items. After charging more than £20m for rationalisation, environmental costs and exchange rate losses in Mexico, pre-tax profits are forecast at £40.7m and earnings at 9p.

Norcross shares drop 18% after loss warning

By Geoff Dyer

Shares in Norcross, the building materials and printing and packaging group, fell 18 per cent yesterday after it warned of a loss for the full year, a dividend cut and a further business reorganisation.

Analysts were taken aback at the latest bad news from a company which has disappointed on a number of occasions over the years. Mr Robin Hardy, at Panmure Gordon, said: "We have heard before that the problems are under control. This undermines management credibility."

The sentiments were echoed by Mr Michael Rubin, at Credit Lyonnais Leasing, who added: "We have been led to believe in the past that they have sorted out the problems, but they have hit the buffers yet again."

Mr Michael Doherty, Norcross chairman, said a pre-tax loss

after provisions was expected in the year to March 31. Last time the group made £17.1m (£27m) profits on sales of £379m. Mr Doherty added that "the final dividend, if any, will not be maintained" at its previous level of 3.5p.

Analysts had been forecasting pre-tax profits of about £10m, but were rapidly revising their figures after the company admitted that profits before provisions would be "not less than" £10m. The shares dropped 17p to 80p.

Mr Doherty said the problems were concentrated in the building products division, which would see "a marked reduction in profitability" from the £1.64m before interest it made in the first half. Analysts are now predicting a second-half loss of about £5m.

Mr Doherty said the group planned to "create a more focused structure".

Avocet Ventures to seek London listing

By Kenneth Gooding, Mining Correspondent

Avocet Ventures, a mining and metals company that is concentrating on a nickel mine in Timor, is to seek a full London Stock Exchange listing this year and will raise another £10m (£15.5m).

With a market value of more than £120m, Avocet is one of the biggest companies listed solely in Vancouver. Many of its shareholders are based in the UK, with which two directors have connections: Mr Nigel McNeil Scott, the chairman, is a former finance director of the Pelical Bar property company, while Mr Jocelyn Waller, president, formerly worked for Charter Consolidated, the industrial group now called Charter.

Avocet also announced yesterday that it is to acquire processing and production facilities at Bishop, California, from Strategic Minerals Corporation for about \$10.8m.

Mr Waller said yesterday: "We have been lucky and successful and grown substantially, so that a number of our institutional shareholders have said we need to be quoted on a more grown up exchange."

It was probable that a new company would be set up in London to take over the Canadian one.

Mr Waller added that Avocet would also seek a listing in Toronto "because we don't want to lose access to the North American market."

Avocet now controls four tungsten mines, in Peru, Portugal and the US, and has become the highest supplier and trader outside China, the leading producer, and the Commonwealth of Independent States. Avocet is also exploring for gold in Malaysia and Peru.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding to last year	Total for year	Total last year
Alcanium	6 mths to Dec 31	30.2 (27.3)	5.16 (4.41)	10.8 (8.5)	23 Apr 19	2.05	12.85	6.5
Bathurst	6 mths to Dec 31	13.6 (8.8)	0.838 (0.274)	1.4 (0.6)	0.2 May 9	12.5	21.5	16.5
Blaydon Resources	Yr to Dec 31	35.8 (41)	4.05 (5.71)	7.7 (10.4)	1 Apr 4	1.1	1.5	1.5
Ward	Yr to Dec 31	32.7 (23.9)	8.27 (5.77)	10.2 (8.8)	2.1 Apr 5	1.75	12.95	12.4
Westminster Health	6 mths to Nov 30	733.6 (606.5)	30.1 (17.8)	5.8 (4.2)	13 July 18	0.8	1.8	1
Investment Trusts								
Anglo & Overseas	Yr to Dec 31	468.7 (508.6)	8.7 (8.78)	7.52 (7.89)	0.85 Apr 24	6.4	7.4	7.15
Drayton Far Eastern	Yr to Dec 31	156.5 (104.5)	0.82 (1.22)	0.71 (1.0)	0.85 Apr 5	1.81	0.3	0.71
General Cuss	Yr to Dec 31	238.1 (215.8)	0.89 (0.8)	5.29 (5.1)	2.4 Apr 7	2.45	9.2	9.2
Parsons Hill	6 mths to Dec 31	183.88 (251.82)	10 (10.4)	8.55 (10.17)	2.45 Apr 7	2.45	9.2	9.2
Wier & Macmillan	Yr to Dec 31							

Dividends shown net. Figures in brackets are for corresponding period. *Revised.

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The interest payable on 21st August, 1995 against Coupon No 0 will be U.S. \$85,755,625 per U.S. \$1,000 nominal amount.

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Copies of the Listing Particulars may also be collected, during normal business hours (Monday and Bank Holidays excepted) from the Company Administrators Office, London Stock Exchange, Coppy Court, 60 Bartholomew Lane, London EC2N 1HP, up to and including 31st February, 1995.

17th February, 1995

COMMODITIES AND AGRICULTURE

Wood pulp price record looms after US group's surprise announcement

By Bernard Shanon in Toronto and Christopher Brown-Humes in Stockholm

Weyerhaeuser, the US forest products group, has surprised the wood pulp market by announcing a price increase that will lift pulp prices to record levels.

The latest rise, to take effect on June 1, will raise the price of northern softwood bleached kraft, the industry's benchmark product, to US\$910 a tonne in North America and \$925 a tonne in Europe.

The price is \$750 a tonne at present, but producers last month announced an increase to \$825, with effect from March 1.

Weyerhaeuser's announcement caught other producers

off-guard. Mr Hans Burmeister, marketing director of Sweden's Södra Cell, said his company had not expected the \$925-a-tonne level to be reached before the end of the year. Pulp prices sank as low as \$800 a tonne in mid-1993.

However, demand remains strong. "Our customers continue to operate at very high levels," said Mr John Sim, vice-president for pulp marketing at Avenor, a large Canadian producer. "They are all pressing for extra tonnage."

The shortage has forced some small paper mills in France to close temporarily.

The spiral in pulp prices stems partly from rising demand, especially in south-east Asia, as well as a succession of supply disruptions. In

the longer-term, buyers are concerned about a shortage of wood fibre as a result of environmental pressures in North America and Scandinavia.

However, strong pulp and paper markets have alarmed consumers. Mr Reto Braun, chief executive of Canada's Moore Corporation, the world's biggest business forms maker, said yesterday that he had asked the company's five biggest paper suppliers to give more advance warning of price increases.

Mr Braun said that the recent jump in prices might have contributed to a slowdown in Moore's sales volumes in the fourth quarter of 1994, but that at least 90 per cent of paper price increases have been passed on to customers.

Building figures hit lumber futures

By Laurie Morse in Chicago

Rising interest rates apparently hurt US home builders in January, and symptoms of slowing demand sent prices for lumber futures traded at the Chicago Mercantile Exchange down the allowable limit yesterday.

Market analysts said very slow near-term demand in the cash lumber markets ahead of the US President's Day holiday on Monday also contributed to weaker prices.

The US Commerce Department said January housing starts dipped 9.5 per cent to 1,377m units, which put new construction of lumber-intensive, single-family homes at their lowest level since March, 1993. The housing starts data surprised analysts, who had forecast starts nearer 1.49m units for the month.

Lumber analysts said data on January permits was equally negative for lumber prices. Applications for permits to build new homes dipped 8.5 per cent during the month, suggesting sluggish new home starts will continue throughout the spring. Lumber is a primary component in new home construction.

In the Chicago futures pit, the price for the near-month March delivery, contract on Canadian spruce-pine-fir was down \$10 at \$318.30 per thousand board feet.

Irrigation bears fruit in Pakistan

David Spark reports on a water-powered agricultural revolution

Seed potatoes and Golden Delicious apples are bringing new prosperity to the small farms of the dry valleys that divide the high mountains of North Pakistan.

In the early 1980s, incomes were less than half the national average. Now, with the help of the Chinese-built Karakoram highway and of the Aga Khan Rural Support Programme, they are pushing up towards it. New homes on the farmland, replacing old ones in cramped villages, are among the signs of change.

Seed potatoes, best produced in upland areas, earn for northern farmers nine times as much from an acre of land as the traditional wheat. Merchants travel up from the Punjab to buy them.

Apples are costly in Pakistan - even at their lowest prices they are three times as valuable as wheat.

Seed potatoes and dried apricots (a local specialty) are handled by a co-operative, the Gilgit Agricultural Marketing Association. The programme has even had a request for organically-grown apricots from Brazil. It is studying the idea of producing vegetable seeds; four-fifths of Pakistan's present supply is imported.

The 1m people of the far north face three problems: dryness, fuel shortages - in a land of cold winters and few trees - and remoteness. Even with the Karakoram highway, the north's chief town, Gilgit, is two days by lorry from Islamabad and the plains, ruling out

the transport of perishable produce.

Chitral, away from the highway, is even more remote and is cut off from the rest of Pakistan for half the year. Nevertheless it has found a crop, Mexican beans, much in demand for curries elsewhere in the country.

Farming in the almost rain-free northern valleys is made possible by channels bringing

ing the narrow and rugged Upper Indus valley at Hannach village runs a groove along which flows water. To make it, farmers lowered themselves 600 feet from a tree at the cliff top and blasted the face with dynamite. The water brings life to new fields and plantations.

Sixty-five farmers took four years to build their 5km water channel, with a two-year interest

Karakoram highway. So far they have completed about 15km.

Apart from their major project, villagers undertake to save money regularly. These savings enable them to borrow from the support programme through their village organisations. "Credit from government banks," says a programme official, "reaches 5 per cent of households. We reach 35 per cent."

There are now 1,300 village organisations plus 740 women's organisations, with 100,000 members in all, and over £3m of savings. They have planted 13m trees for badly needed fuel.

The programme encourages them to appoint and pay village specialists in forestry, poultry and livestock. It has trained 12,000 specialists and managers including almost 5,000 women. Livestock, which spend the summer on high pastures and manure the farmland, are essential to local husbandry.

At Sost I saw women specialists from 21 villages listening to a lecture on poultry diseases during a five-day course given by support programme field co-ordinators. Households typically have ten to 50 hens, which help pay school fees. The specialists vaccinate chickens whose owners pay up to a rupee (2p) for each.

The Aga Khan Rural Support Programme's successes have attracted imitators. It is already being copied elsewhere in Pakistan, in South Asia and even in Morocco.

Farming in the almost rain-free valleys is made possible by channels bringing water from mountain glaciers

water from mountain glaciers to small, terraced fields on the lower slopes. The average holding is just over a hectare.

The irrigation used to be organised by local rulers, the mirs, who lost their traditional powers in the 1970s. Over the past ten years, the Aga Khan Rural Support Programme has been encouraging local village organisations to take over. These organisations have increased the area of irrigated land by half.

With the help of aid money, mainly from Canada and Britain, the support programme offers each village organisation a grant for a major project.

Some of these are spectacular. Across a cliff face overlook-

ruption because of civil strife. "The people are poor but they work very hard," says their 59-year-old leader, Mohammed Abdullah, a poet and retired broadcaster.

The channel has multiplied the village's farmland by eight. Abdullah would like to extend it to 30km to a dry, flat plateau where the Indus and Gilgit rivers meet.

Further north at Sost, at the top of the Hunza valley, farmers guided by a 90-year-old veteran, Rahman Baig, have blasted a 1,300ft tunnel through the side of a ravine to take water to new land. They could work in the tunnel only ten minutes at a time because of the lack of oxygen.

People at another village are building a 40km road to the

Lugar proposes farm budget cuts

By Laurie Morse

Senator Richard Lugar yesterday recommended that US domestic farm subsidies be cut by \$14.5bn over the next five years, and said a controversial export subsidy programme used to push US grains overseas should be eliminated altogether.

Senator Lugar, chairman of the Senate Agriculture Committee, told a Senate budget committee hearing that he would like to reduce "target" prices paid to US maize, wheat,

cotton, and rice farmers by 3 per cent a year for a total of \$14.5bn over five years, and end the US Export Enhancement Programme, saving another \$3.4bn.

Farm lobbies attacked the proposed cuts. Mr Dean Kleckner, president of the American Farm Bureau Federation, which represents more than 4m farmers, said the cuts "would force American agriculture dangerously close to a farm crisis". Senator Lugar has promised his committee will perform a "top-to-bottom"

review of even the most sacred of the US Department of Agriculture's farm programmes in 1995. However, his budget committee testimony was the first time he has suggested specific cuts.

An aide said Mr Lugar's testimony was offered as "guidance" to the Senate budget committee. The Clinton Administration earlier this year asked for a relatively modest \$1.5bn reduction in farm spending over the next five years, and boosted outlays for promoting farm exports.

Rubber pact's future remains in the balance

By Frances Williams in Geneva

Negotiations on a new price-stabilising rubber pact, due to end today, remained in the balance tonight as delegates from 31 producing and consuming countries failed to eliminate their remaining differences.

The third round of United

Nations-sponsored talks in Geneva, which began on February 6, has produced broad agreement on almost all the key issues, but some details have proved intractable. Previous rubber pacts have taken four rounds to finalise.

Producers have taken their demand for an increase in the central reference price of the

table after securing a consensus in favour of lifting the lower indicative "floor" price from 150 to 157 Malaysian Ringgits per cent.

However, in return, consumer countries have pressed for a special price review at the first meeting of the new pact's governing council. Producers have agreed to such a review

in principle but want to limit the extent to which prices can be revised downwards.

Rubber prices soared to record levels in January, but suffered a futures-led correction this week. Current high prices are expected to trigger a 5 percentage point increase in the reference price when it comes up for a routine 15-

month revision next August.

However, the new accord will not come into force until late next year.

The two sides are thought to have agreed on 12-monthly regular price reviews to take account of market volatility and are expected to settle for a four-year accord with a possible two-year extension.

'Green pound' boost for UK farmers

The "green pound", the rate at which European Union support payments are translated into sterling, will be devalued today, reports Reuters from Brussels.

The move, which reflects sterling's weakness on the foreign exchanges this week, will help British farmers by boosting

their EU supports in sterling terms and making their exports more competitive.

The European Commission said yesterday that the rate would move to 0.797994 per European currency unit from 0.789704. Also being devalued are the green lira and the

green drachma.

The UK Home-Grown Cereals Authority said before the commission's announcement that the green pound would be devalued because its three-day average real agri-monetary gap of -1.711 per cent exceeded the -1.434 per cent trigger.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (% per tonne)

	Close	Settle
Close	1886-9	1886-9
Previous	1884-5	1884-5
High/Low	1872-5/1892-3	1872-5/1892-3
AM Official	1872-5/1892-3	1872-5/1892-3
Karb close	1872-5/1892-3	1872-5/1892-3
Open int.	227,945	227,945
Total daily turnover	55,204	55,204

ALUMINIUM ALLOY (% per tonne)

	Close	Settle
Close	1825-35	1825-35
Previous	1825-35	1825-35
High/Low	1825-35	1825-35
AM Official	1825-35	1825-35
Karb close	1825-35	1825-35
Open int.	2,746	2,746
Total daily turnover	503	503

LEAD (% per tonne)

	Close	Settle
Close	672-3	672-3
Previous	672-3	672-3
High/Low	672-3	672-3
AM Official	672-3	672-3
Karb close	672-3	672-3
Open int.	38,080	38,080
Total daily turnover	7,303	7,303

NICKEL (% per tonne)

	Close	Settle
Close	8300-10	8440-50
Previous	8270-80	8420-50
High/Low	8300-10/8440-50	8300-10/8440-50
AM Official	8300-10/8440-50	8300-10/8440-50
Karb close	8300-10/8440-50	8300-10/8440-50
Open int.	55,942	55,942
Total daily turnover	15,348	15,348

TIN (% per tonne)

	Close	Settle
Close	5300-10	5390-400
Previous	5270-80	5410-20
High/Low	5300-10/5410-20	5300-10/5410-20
AM Official	5300-10/5410-20	5300-10/5410-20
Karb close	5300-10/5410-20	5300-10/5410-20
Open int.	20,834	20,834
Total daily turnover	8,176	8,176

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

	Settle	Day's
Settle	375.8	375.8
Day's	375.8	375.8
High	375.8	375.8
Low	375.8	375.8
Open	375.8	375.8
Close	375.8	375.8
Previous	375.8	375.8
High/Low	375.8	375.8
AM Official	375.8	375.8
Karb close	375.8	375.8
Open int.	174,791	174,791
Total daily turnover	27,887	27,887

PLATINUM NYMEX (50 Troy oz. \$/troy oz.)

	Settle	Day's
Settle	411.5	411.5
Day's	411.5	411.5
High	411.5	411.5
Low	411.5	411.5
Open	411.5	411.5
Close	411.5	411.5
Previous	411.5	411.5
High/Low	411.5	411.5
AM Official	411.5	411.5
Karb close	411.5	411.5
Open int.	24,959	24,959
Total daily turnover	1,538	1,538

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

	Settle	Day's
Settle	107.30	107.30
Day's	107.30	107.30
High	107.30	107.30
Low	107.30	107.30
Open	107.30	107.30
Close	107.30	107.30
Previous	107.30	107.30
High/Low	107.30	107.30
AM Official	107.30	107.30
Karb close	107.30	107.30
Open int.	7,698	7,698
Total daily turnover	17,747	17,747

SILVER COMEX (100 Troy oz. \$/troy oz.)

	Settle	Day's
Settle	471.5	471.5
Day's	471.5	471.5
High	471.5	471.5
Low	471.5	471.5
Open	471.5	471.5
Close	471.5	471.5
Previous	471.5	471.5
High/Low	471.5	471.5
AM Official	471.5	471.5
Karb close	471.5	471.5
Open int.	25,778	25,778
Total daily turnover	3,022	3,022

ENERGY

CRUDE OIL, NYMEX (42,000 US gal. \$/barrel)

	Settle	Day's
Settle	18.24	18.24
Day's	18.24	18.24
High	18.24	18.24
Low	18.24	18.24
Open	18.24	18.24
Close	18.24	18.24
Previous	18.24	18.24
High/Low	18.24	18.24
AM Official	18.24	18.24
Karb close	18.24	18.24
Open int.	18,240	18,240
Total daily turnover	23,003	23,003

GRAINS AND OIL SEEDS

WHEAT, CBOT (5,000 bushels \$/bushel)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

WHEAT, CBOT (5,000 bushels \$/bushel)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

WHEAT, CBOT (5,000 bushels \$/bushel)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

WHEAT, CBOT (5,000 bushels \$/bushel)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

WHEAT, CBOT (5,000 bushels \$/bushel)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

SOFTS

COFFEE, ICE (50,000 lbs. \$/cwt)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

COFFEE, ICE (50,000 lbs. \$/cwt)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

COFFEE, ICE (50,000 lbs. \$/cwt)

	Settle	Day's
Settle	108.20	108.20
Day's	108.20	108.20
High	108.20	108.20
Low	108.20	108.20
Open	108.20	108.20
Close	108.20	108.20
Previous	108.20	108.20
High/Low	108.20	108.20
AM Official	108.20	108.20
Karb close	108.20	108.20
Open int.	108,200	108,200
Total daily turnover	1,538	1,538

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar teeters close to intervention levels

The D-Mark yesterday again swept all before it, driving the dollar down towards its 1994 low, and leaving various European currencies under considerable pressure, writes Philip Gouth.

The Italian lira fell to an all time low of 1,176.50 against the D-Mark, while the French franc touched a 15 month low of FF9.478.

The dollar, meanwhile, fell below the DML50 level, back towards its 1994 low of DML49.60, reached last November, which attracted Fed intervention. It closed in London at DML49.14, from DML50.04 on Wednesday, after briefly falling below DML48. Against the yen it finished at ¥97.545, from ¥98.405.

Events on the currency market were the product of two developments: political uncertainty in Europe, prompting a flight towards the D-Mark, as safe haven currency; and renewed signs of financial frailty in Mexico, undermining

confidence in the dollar. Sterling continued to suffer at the hands of the D-Mark, losing nearly a penny to finish at DML35.06 from DML35.99. It was firmer, however, against the D-Mark, finishing at £1.5767, from £1.5630. The exchange rate index finished at 87.1, from 87.

The Canadian central bank signalled a 50 basis point increase in short term rates after Moody's, the debt rating agency, said it might cut Canada's debt rating. The Canadian dollar fell half a cent on the news to C\$1.118.

The Bundesbank council left interest rates unchanged.

At the end of a busy day on the foreign exchange market, the market was left in "Fed-watch".

mode, waiting to see whether the Fed intervenes, at the behest of the US treasury, to support the dollar.

Mr Paul Chertkov, head of global currency research at UBS in London, said: "The dollar is on a precipice of a crisis of confidence. We need clear evidence that the US treasury is concerned about the dollar."

He said the market had been unmoved by the Mexican central bank selling \$100m for pesos, and the default of a Mexican conglomerate on an interest payment. The central bank's action, said Mr Chertkov, "gave the impression that the authorities were more concerned to alleviate the suffering of the peso than to cure the underlying problem."

The dollar is also vulnerable against the yen. Traders report a concentration of options positions at ¥97.40. Breach of this level could prompt a further bout of dollar selling.

The scale of dollar sales is inhibited by the prospect of



Live D-Mark/Dollar (Jan-Mar 1995)

full-blown tidal wave of mutual fund and pension fund money out of the US," he said.

The move back into the D-Mark appeared to be part and parcel of the move out of the dollar. The weakness of some of the European currencies seemed to reflect a flight to quality, rather than any new political information.

On the issue of current D-Mark strength, a special report by Citibank concludes: "The reasons rest on the market perception that the Bundesbank will continue to meet its statutory remit of preserving the purchasing power of the currency."

In addition, a slowdown in the US economy over the forecast period coincides with continuing economic recovery in Germany. This implies that the US dollar will lose support as the Fed loosens and the Bundesbank tightens monetary policy into 1995.

While many in the market

are fearful of what will happen when the Bundesbank starts to raise rates, Citibank points out that a stronger D-Mark effectively a tightening of monetary policy - will weaken the case for higher rates.

Citibank's economists believe that it is long-term rates, and their influence on capital flows, rather than short term rates, which hold the key for the exchange rate.

The Bank of England provided £200m late assistance to UK money markets, after declaring a £250m shortage. No assistance was given at established rates. Money market conditions remained easy, with three month LIBOR at 8% per cent, the same as the base rate.

OTHER CURRENCIES
Hong Kong 100.00 100.00 100.00 100.00 100.00 100.00
Singapore 1.00 1.00 1.00 1.00 1.00 1.00
New Zealand 1.00 1.00 1.00 1.00 1.00 1.00
Australian 1.00 1.00 1.00 1.00 1.00 1.00
Japanese 100.00 100.00 100.00 100.00 100.00 100.00
Swedish 1.00 1.00 1.00 1.00 1.00 1.00
Norwegian 1.00 1.00 1.00 1.00 1.00 1.00
Danish 1.00 1.00 1.00 1.00 1.00 1.00
Finnish 1.00 1.00 1.00 1.00 1.00 1.00
Greek 1.00 1.00 1.00 1.00 1.00 1.00
Portuguese 1.00 1.00 1.00 1.00 1.00 1.00
Spanish 1.00 1.00 1.00 1.00 1.00 1.00
Italian 1.00 1.00 1.00 1.00 1.00 1.00
French 1.00 1.00 1.00 1.00 1.00 1.00
Belgian 1.00 1.00 1.00 1.00 1.00 1.00
Dutch 1.00 1.00 1.00 1.00 1.00 1.00
Austrian 1.00 1.00 1.00 1.00 1.00 1.00
Slovak 1.00 1.00 1.00 1.00 1.00 1.00
Czech 1.00 1.00 1.00 1.00 1.00 1.00
Slovenian 1.00 1.00 1.00 1.00 1.00 1.00
Hungarian 1.00 1.00 1.00 1.00 1.00 1.00
Polish 1.00 1.00 1.00 1.00 1.00 1.00
Croatian 1.00 1.00 1.00 1.00 1.00 1.00
Slovene 1.00 1.00 1.00 1.00 1.00 1.00
Bosnian 1.00 1.00 1.00 1.00 1.00 1.00
Serbian 1.00 1.00 1.00 1.00 1.00 1.00
Macedonian 1.00 1.00 1.00 1.00 1.00 1.00
Albanian 1.00 1.00 1.00 1.00 1.00 1.00
Romanian 1.00 1.00 1.00 1.00 1.00 1.00
Bulgarian 1.00 1.00 1.00 1.00 1.00 1.00
Greek 1.00 1.00 1.00 1.00 1.00 1.00
Portuguese 1.00 1.00 1.00 1.00 1.00 1.00
Spanish 1.00 1.00 1.00 1.00 1.00 1.00
Italian 1.00 1.00 1.00 1.00 1.00 1.00
French 1.00 1.00 1.00 1.00 1.00 1.00
Belgian 1.00 1.00 1.00 1.00 1.00 1.00
Dutch 1.00 1.00 1.00 1.00 1.00 1.00
Austrian 1.00 1.00 1.00 1.00 1.00 1.00
Slovak 1.00 1.00 1.00 1.00 1.00 1.00
Czech 1.00 1.00 1.00 1.00 1.00 1.00
Slovenian 1.00 1.00 1.00 1.00 1.00 1.00
Hungarian 1.00 1.00 1.00 1.00 1.00 1.00
Polish 1.00 1.00 1.00 1.00 1.00 1.00
Croatian 1.00 1.00 1.00 1.00 1.00 1.00
Slovene 1.00 1.00 1.00 1.00 1.00 1.00
Bosnian 1.00 1.00 1.00 1.00 1.00 1.00
Serbian 1.00 1.00 1.00 1.00 1.00 1.00
Macedonian 1.00 1.00 1.00 1.00 1.00 1.00
Albanian 1.00 1.00 1.00 1.00 1.00 1.00
Romanian 1.00 1.00 1.00 1.00 1.00 1.00
Bulgarian 1.00 1.00 1.00 1.00 1.00 1.00

POUND SPOT FORWARD AGAINST THE POUND

Feb 16	Closing mid-point	Change on day	30-day forward	90-day forward	180-day forward	360-day forward	JP Morgan Index	
Europe								
Austria	(Sfr)	16.5444	-0.0545	982	-928	16.6282	16.5208	16.5318
Belgium	(Bfr)	48.2942	-0.1525	740	-148	48.6470	48.3280	48.3442
Denmark	(DKr)	8.2773	-0.0083	730	-812	8.2368	8.2364	8.2711
Finland	(Fmk)	7.2951	-0.0278	886	-907	7.3090	7.2490	7.2477
France	(FFr)	1.1716	-0.0123	889	-748	1.2048	1.1598	1.1648
Germany	(DM)	1.5767	-0.0075	498	-817	1.5820	1.5462	1.5477
Greece	(Dr)	339.874	-0.0011	344	-035	372.125	389.800	344.2
Ireland	(Ir£)	1.0038	-0.0032	082	-082	1.0108	1.0032	1.0082
Italy	(Lira)	2296.56	-1.44	490	-622	2299.84	2500.18	2298.08
Luxembourg	(Lfr)	40.3042	-0.1325	740	-148	40.6470	40.3280	40.3442
Netherlands	(Gld)	2.6578	-0.0051	381	-381	2.6495	2.6307	2.6454
Norway	(Nkr)	10.3088	-0.0054	044	-128	10.3085	10.2912	10.3073
Portugal	(Esc)	243.271	-0.484	873	-689	244.918	243.708	243.871
Spain	(Ptas)	166.333	-0.389	702	-683	167.267	166.400	166.400
Sweden	(Skr)	11.5963	-0.0734	764	-691	11.6461	11.4578	11.6078
Switzerland	(Sfr)	1.0650	-0.0075	841	-859	1.0658	1.0625	1.0625
UK	(£)	1.5767	-0.0011	501	-517	1.5764	1.5761	1.5761
USA	(Doll)	1.5767	-0.0011	501	-517	1.5764	1.5761	1.5761
Asia								
Australia	(A\$)	1.5767	-0.0011	501	-517	1.5764	1.5761	1.5761
Brazil	(C\$)	1.5767	-0.0029	299	-321	1.6335	1.5102	-
Canada	(C\$)	2.2165	-0.0252	154	-175	2.2220	2.1851	2.2184
China	(New P\$)	9.6379	-0.3428	800	-787	9.6787	9.6323	-1.0
India	(R)	1.5767	-0.0129	738	-765	1.5900	1.5598	1.5765
Pacific/Australia								
Australia	(A\$)	2.1149	-0.0020	136	-161	2.1185	2.1168	2.1158
Hong Kong	(HK\$)	12.1857	-0.8985	802	-871	12.1237	12.0212	12.1287
India	(R)	48.4845	-0.4010	480	-539	48.6490	48.6550	-
Japan	(¥)	12.9227	-0.0198	267	-273	12.9257	12.9257	-
Malaysia	(M)	1.58741	-0.1182	819	-1620	1.6220	1.58320	1.58211
Mexico	(M\$)	4.0223	-0.0834	209	-257	4.0321	3.9828	-
New Zealand	(NZ\$)	2.4942	-0.0212	882	-885	2.4987	2.4982	2.4982
Philippines	(P\$)	1.5767	-0.0029	299	-321	1.6335	1.5102	-
Saudi Arabia	(R)	5.0109	-0.0473	900	-127	5.0252	5.2956	-
Singapore	(S\$)	2.2981	-0.0148	861	-900	2.2948	2.2956	-
S Africa (Cont)	(R)	5.5822	-0.0898	786	-848	5.5958	5.5554	-
S Africa (Fut)	(R)	6.1783	-0.0259	610	-856	6.1956	6.1418	-
South Korea	(W\$)	1.5767	-0.0011	501	-517	1.5764	1.5761	1.5761
Thailand	(T\$)	41.5366	-0.2344	487	-457	41.5377	41.4148	-
Thailand	(S\$)	36.4508	-0.2484	130	-408	36.8210	36.0110	-

(SGR news for Feb 15, Dollar/foreign currencies in the Pound column shows only the last three decimal places)

INVESTMENT TRUSTS - Cont.

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Warrant No. _____
 State of _____
 County of _____

Group Div	_____	\$-M
Warrante	_____	
NTR Japanese Sml	_____	M
Warrante	_____	
Henders Highland	_____	7M
Warrante	_____	
Hawesman Strata	_____	4M
Warrante	_____	
Herald Riv Trk	_____	
Warrante	_____	
Hoare Grovet 1000	_____	
Pose 675 Sml Cos	_____	4M
Warrante	_____	
I & S US Sml Crn	_____	2M
Warrante	_____	
INVESTCO Jap Bnc	_____	
Warrante	_____	
INVESTCO Korea	_____	4M
Warrante	_____	
INVESTCO Recovery	_____	2M
Warrante	_____	
Mid Growth	_____	
Warrante	_____	
Investors Cap Gwth	_____	
Inc And	_____	
Cap Units	_____	2M
Jerry & Steve Ent Cap	_____	2M
Warrante	_____	

Warrant	1	31
Ivory & Sine FSS	1	119

Port Authority	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
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Warrantable	<input type="checkbox"/>	33	—	33
Personal Assets		236	—	236

[illegible]

Scott Inv. _____ \$M ☐
 Scott Mortg. & Inv. _____ \$M ☐

[illegible]

Temple Bar ☐ 8/10
Templeton En ☐ 10/10

[illegible]

PRIORITY
PRIORITY

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (STB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Lizard Pond Mire - Contd.

[illegible]

The following is a list of the names of the persons who have been elected to the office of Mayor of the City of New York for the year 1901:

[illegible]**Martin Lynch Garmany**[illegible]

BT Fund Managers (Ireland) Ltd
80 Harcourt Street, Dublin 2
01 3531 790

[illegible]

Singer & Friedlander Inv Funds Ltd - Co

[illegible][illegible]

1 Scottish Amicable European/Interna

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

ISLE OF MAN (SB REGION)

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

AXA Equity & Low Vol Fund Mgrs

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

Allied Dunbar Sub Fund Mgrs (HONGK)

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

For Asset Based Funds Ltd see International Fund Ltd Ltd

Authorisation (Global Funds Ltd) (12/31/97)

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

Equity & Low Vol Fund Mgrs (HONGK)

	12/31/97	12/31/96	% Chg
Assets			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Liabilities			
Equity	\$1.00	\$1.00	0.00
Debt	\$0.00	\$0.00	0.00
Other	\$0.00	\$0.00	0.00
Income Statement			
Revenue	\$0.00	\$0.00	0.00
Expenses	\$0.00	\$0.00	0.00
Net Income	\$0.00	\$0.00	0.00
Balance Sheet			
Assets	\$1.00	\$1.00	0.00
Liabilities	\$0.00	\$0.00	0.00
Equity	\$1.00	\$1.00	0.00

-- Section High Income... 81 21.0721 1.3446 1.00
 -- Unitrust Securities Fund Ltd
 -- 18-21, Circular Rd, Douglas, 01634
 -- Securities Fd 81 205.70 220.27 1.00

[illegible]

Cater Allen Investment Management

[illegible]

37	Japan Tychem (Japan) Ltd				
38	Gen Fe	100.9	110.5		
39	Gen Fe	70.7	80.5		
40	Gen Fe	100.9	110.5		
41	Gen Fe	410.51	431.51		

[illegible]

Commercial Union Luxembourg SA -

[illegible]

第 13 卷

[illegible]

Lloyds Bank Luxembourg
1, Rue Schuler, L-1070 Luxembourg
Tel. Luxembourg 24.22.11

[illegible]

Sarnia Investment SICAV (A)
14 Rue Aclinger, L-2521, Luxembourg 00 35
SICAV

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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INDICES						US INDICES									
	Feb 16	Feb 15	Feb 14	High	Low	Feb 16	Feb 15	Feb 14	High	Low	Dow Jones	S&P 500	Nasdaq	Russell 2000	
Argentina (2/27/97)	(#) 13015.00	13708.23	25904.00	16229.4	13018.00	15205.00					3065.17	3065.25	3065.21	3065.17	
Brazil (2/27/97)	(#) 15612.18	1842.8	1854.8	2348.0	329.4	1822.8	5225.5				1561.21	1561.21	1561.21	1561.21	
Canada (1/16/97)	521.1	514.1	555.3	1236.0	32.94	1762.0	5295.6				521.1	521.1	521.1	521.1	
Australia (2/16/97)	362.80	363.5	365.1	600.5	22.94	363.5	622.5				362.80	362.80	362.80	362.80	
China (2/16/97)	377.1	65.47	65.47	1222.5	12.94	65.47	1222.5				377.1	377.1	377.1	377.1	
Hong Kong (2/16/97)	1300.52	1305.5	1330.4	1642.5	26.94	1305.5	1710.4				1300.52	1300.52	1300.52	1300.52	
India (2/16/97)	3068.5	3162.0	3510.0	130.94	3068.5	3164.4					3068.5	3068.5	3068.5	3068.5	
Japan (2/16/97)	4369.2	4369.2	4369.2	101.04	4369.2	101.04					4369.2	4369.2	4369.2	4369.2	
Korea (2/16/97)	4125.30	4110.0	4045.0	230.94	4125.30	230.94					4125.30	4125.30	4125.30	4125.30	
Mexico (2/16/97)	3230.70	3230.70	3230.70	12.94	3230.70	12.94					3230.70	3230.70	3230.70	3230.70	
New Zealand (2/16/97)	(#) 5267.1	5303.4	5364.0	241.94	5267.1	241.94					5267.1	5267.1	5267.1	5267.1	
Philippines (2/16/97)	355.15	355.45	356.8	617.0	42.94	355.15	617.0				355.15	355.15	355.15	355.15	
Singapore (2/16/97)	1022.5	1033.5	1034.0	1052.0	42.94	1022.5	1052.0				1022.5	1022.5	1022.5	1022.5	
Taiwan (2/16/97)	1215.10	1228.5	1255.0	1683.0	22.94	1215.10	1683.0				1215.10	1215.10	1215.10	1215.10	
Thailand (2/16/97)	175.00	175.00	175.00	225.0	22.94	175.00	225.0				175.00	175.00	175.00	175.00	
Vietnam (2/16/97)	355.15	355.45	356.8	617.0	42.94	355.15	617.0				355.15	355.15	355.15	355.15	
Yokohama (2/16/97)	1022.5	1033.5	1034.0	1052.0	42.94	1022.5	1052.0				1022.5	1022.5	1022.5	1022.5	
NYSE Composite	765.1	765.4	765.4	105.0	765.1	105.0					765.1	765.1	765.1	765.1	
NYSE Industrial	229.0	229.0	229.0	30.94	229.0	30.94					229.0	229.0	229.0	229.0	
NYSE Technology	215.72	215.72	215.72	227.1	19.94	215.72	227.1				215.72	215.72	215.72	215.72	
NYSE Financial	615.34	615.4	615.3	116.0	615.3	116.0					615.34	615.34	615.34	615.34	
NYSE Energy	305.34	305.4	305.3	120.0	305.3	120.0					305.34	305.34	305.34	305.34	
NYSE Health Care	343.08	343.14	343.09	40.0	343.08	40.0					343.08	343.08	343.08	343.08	
NYSE Consumer Goods	455.59	455.6	455.1	62.0	455.59	62.0					455.59	455.59	455.59	455.59	
NYSE Telecommunications	184.18	184.21	184.1	36.0	184.18	36.0					184.18	184.18	184.18	184.18	
NYSE Real Estate	68.0	68.0	68.0	10.0	68.0	10.0					68.0	68.0	68.0	68.0	
NYSE International	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Europe	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Asia	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Latin America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Middle East	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Africa	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Oceania	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Pacific	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Caribbean	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE South America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Central America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE North America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
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NYSE South America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
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NYSE North America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE South America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Central America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE North America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
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NYSE Central America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE North America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE South America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
NYSE Central America	1041.0	1041.0	1041.0	10.0	1041.0	10.0					1041.0	1041.0	1041.0	1041.0	
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NYSE South America	1041.0	1041.0	1041.0	10											

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Stocks	Closing Price	Change on day
Sunshine Const.	16.4m	-48
Penta Ocean	15.0m	-776
Constellation	10.0m	1,100
77 Bank	4.8m	-3
Acid Corp.	3.7m	-21

Stocks	Closing Price	Change on day
Nippon Steel	3.7m	-300
Sakai Steel	3.5m	-749
Mitsubishi	3.2m	914
Toshida Corp.	3.2m	-18
Mitsubishi Hyv.	3.0m	802

NASDAQ NATIONAL MARKET

4 pm close February 7

[illegible]

4 pm close February 16

Archives	8	14	23	34	44	54	64	74	84	94	104	114	124	134	144	154	164	174	184	194	204	214	224	234	244	254	264	274	284	294	304	314	324	334	344	354	364	374	384	394	404	414	424	434	444	454	464	474	484	494	504	514	524	534	544	554	564	574	584	594	604	614	624	634	644	654	664	674	684	694	704	714	724	734	744	754	764	774	784	794	804	814	824	834	844	854	864	874	884	894	904	914	924	934	944	954	964	974	984	994	1004	1014	1024	1034	1044	1054	1064	1074	1084	1094	1104	1114	1124	1134	1144	1154	1164	1174	1184	1194	1204	1214	1224	1234	1244	1254	1264	1274	1284	1294	1304	1314	1324	1334	1344	1354	1364	1374	1384	1394	1404	1414	1424	1434	1444	1454	1464	1474	1484	1494	1504	1514	1524	1534	1544	1554	1564	1574	1584	1594	1604	1614	1624	1634	1644	1654	1664	1674	1684	1694	1704	1714	1724	1734	1744	1754	1764	1774	1784	1794	1804	1814	1824	1834	1844	1854	1864	1874	1884	1894	1904	1914	1924	1934	1944	1954	1964	1974	1984	1994	2004	2014	2024	2034	2044	2054	2064	2074	2084	2094	2104	2114	2124	2134	2144	2154	2164	2174	2184	2194	2204	2214	2224	2234	2244	2254	2264	2274	2284	2294	2304	2314	2324	2334	2344	2354	2364	2374	2384	2394	2404	2414	2424	2434	2444	2454	2464	2474	2484	2494	2504	2514	2524	2534	2544	2554	2564	2574	2584	2594	2604	2614	2624	2634	2644	2654	2664	2674	2684	2694	2704	2714	2724	2734	2744	2754	2764	2774	2784	2794	2804	2814	2824	2834	2844	2854	2864	2874	2884	2894	2904	2914	2924	2934	2944	2954	2964	2974	2984	2994	3004	3014	3024	3034	3044	3054	3064	3074	3084	3094	3104	3114	3124	3134	3144	3154	3164	3174	3184	3194	3204	3214	3224	3234	3244	3254	3264	3274	3284	3294	3304	3314	3324	3334	3344	3354	3364	3374	3384	3394	3404	3414	3424	3434	3444	3454	3464	3474	3484	3494	3504	3514	3524	3534	3544	3554	3564	3574	3584	3594	3604	3614	3624	3634	3644	3654	3664	3674	3684	3694	3704	3714	3724	3734	3744	3754	3764	3774	3784	3794	3804	3814	3824	3834	3844	3854	3864	3874	3884	3894	3904	3914	3924	3934	3944	3954	3964	3974	3984	3994	4004	4014	4024	4034	4044	4054	4064	4074	4084	4094	4104	4114	4124	4134	4144	4154	4164	4174	4184	4194	4204	4214	4224	4234	4244	4254	4264	4274	4284	4294	4304	4314	4324	4334	4344	4354	4364	4374	4384	4394	4404	4414	4424	4434	4444	4454	4464	4474	4484	4494	4504	4514	4524	4534	4544	4554	4564	4574	4584	4594	4604	4614	4624	4634	4644	4654	4664	4674	4684	4694	4704	4714	4724	4734	4744	4754	4764	4774	4784	4794	4804	4814	4824	4834	4844	4854	4864	4874	4884	4894	4904	4914	4924	4934	4944	4954	4964	4974	4984	4994	5004	5014	5024	5034	5044	5054	5064	5074	5084	5094	5104	5114	5124	5134	5144	5154	5164	5174	5184	5194	5204	5214	5224	5234	5244	5254	5264	5274	5284	5294	5304	5314	5324	5334	5344	5354	5364	5374	5384	5394	5404	5414	5424	5434	5444	5454	5464	5474	5484	5494	5504	5514	5524	5534	5544	5554	5564	5574	5584	5594	5604	5614	5624	5634	5644	5654	5664	5674	5684	5694	5704	5714	5724	5734	5744	5754	5764	5774	5784	5794	5804	5814	5824	5834	5844	5854	5864	5874	5884	5894	5904	5914	5924	5934	5944	5954	5964	5974	5984	5994	6004	6014	6024	6034	6044	6054	6064	6074	6084	6094	6104	6114	6124	6134	6144	6154	6164	6174	6184	6194	6204	6214	6224	6234	6244	6254	6264	6274	6284	6294	6304	6314	6324	6334	6344	6354	6364	6374	6384	6394	6404	6414	6424	6434	6444	6454	6464	6474	6484	6494	6504	6514	6524	6534	6544	6554	6564	6574	6584	6594	6604	6614	6624	6634	6644	6654	6664	6674	6684	6694	6704	6714	6724	6734	6744	6754	6764	6774	6784	6794	6804	6814	6824	6834	6844	6854	6864	6874	6884	6894	6904	6914	6924	6934	6944	6954	6964	6974	6984	6994	7004	7014	7024	7034	7044	7054	7064	7074	7084	7094	7104	7114	7124	7134	7144	7154	7164	7174	7184	7194	7204	7214	7224	7234	7244	7254	7264	7274	7284	7294	7304	7314	7324	7334	7344	7354	7364	7374	7384	7394	7404	7414	7424	7434	7444	7454	7464	7474	7484	7494	7504	7514	7524	7534	7544	7554	7564	7574	7584	7594	7604	7614	7624	7634	7644	7654	7664	7674	7684	7694	7704	7714	7724	7734	7744	7754	7764	7774	7784	7794	7804	7814	7824	7834	7844	7854	7864	7874	7884	7894	7904	7914	7924	7934	7944	7954	7964	7974	7984	7994	8004	8014	8024	8034	8044	8054	8064	8074	8084	8094	8104	8114	8124	8134	8144	8154	8164	8174	8184	8194	8204	8214	8224	8234	8244	8254	8264	8274	8284	8294	8304	8314	8324	8334	8344	8354	8364	8374	8384	8394	8404	8414	8424	8434	8444	8454	8464	8474	8484	8494	8504	8514	8524	8534	8544	8554	8564	8574	8584	8594	8604	8614	8624	8634	8644	8654	8664	8674	8684	8694	8704	8714	8724	8734	8744	8754	8764	8774	8784	8794	8804	8814	8824	8834	8844	8854	8864	8874	8884	8894	8904	8914	8924	8934	8944	8954	8964	8974	8984	8994	9004	9014	9024	9034	9044	9054	9064	9074	9084	9094	9104	9114	9124	9134	9144	9154	9164	9174	9184	9194	9204	9214	9224	9234	9244	9254	9264	9274	9284	9294	9304	9314	9324	9334	9344	9354	9364	9374	9384	9394	9404	9414	9424	9434	9444	9454	9464	9474	9484	9494	9504	9514	9524	9534	9544	9554	9564	9574	9584	9594	9604	9614	9624	9634	9644	9654	9664	9674	9684	9694	9704	9714	9724	9734	9744	9754	9764	9774	9784	9794	9804	9814	9824	9834	9844	9854	9864	9874	9884	9894	9904	9914	9924	9934	9944	9954	9964	9974	9984	9994	10004	10014	10024	10034	10044	10054	10064	10074	10084	10094	10104	10114	10124	10134	10144	10154	10164	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[illegible][illegible]

Don Gas	0.13	2	2	81	81	81	JLS Ind	0.10	18	118	373	364	373	+74	Phenolic	0.12	19	339	404	104	104	-2
Cart Glass	0.13	2	2	81	81	81	Johnson W	19	17	317	349	194	194	-	Powell	5	79	84	8	8	-1	
Car Wash	18	310	313	313	313	313	Jones Int	11	162	18	144	144	144	-	Prom Inc	0.08	5	888	94	573	94	
Catalytic	14	42	72	72	72	72	Jones Med	0.10	11	397	72	72	72	-	Prostatek	327	288	484	473	473	-1	
Cassette	18	1500	182	18	182	182	Johnson	0.08	11	397	72	72	72	-	Xerox	30	1811	641	833	641	-1	

[illegible]

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

AMERICA

Mexico, Brazil sharply lower after Sidek default

MEXICAN stocks tumbled in early trading, hit by fears of a liquidity crisis at one of the country's largest companies, a steel group, defaulted on a short-term loan on Wednesday.

The IPC index was down 45.51 or 2.7 per cent at 1,745.49. Volumes were low at 6.6m shares, with very few foreign investors active.

The US tried to calm worries by saying that "good progress" was being made in talks on the \$20bn aid plan.

SAO PAULO dropped 6.8 per cent in nervous morning trade on mounting concern at the Mexican economic situation following news of Sidek's default. The Bovespa index was 2,093 weaker at 28,601 by early afternoon in low turnover of R\$130.5m (\$154.8m).

President Fernando Henrique Cardoso failed to lift investors' spirits at his first news conference since he came to office, called to outline the government's constitutional reform plan. Telebras preferred fell 7.7 per cent to R\$22.70.

EUROPE

Banks mixed as currency weakness hits bourses

Currency weakness hit bourses but a mixed day for European banks saw Bancare beat the CAC-40 downturn, writes Our Markets Staff.

A catalogue of depressants, meanwhile, hit Bancare's Italian counterparts. There was a mixed response to sector news and views in Lisbon and Copenhagen, and punishment for property losses at S-Bank in Sweden.

PARIS saw currency market turbulence spill over into equities as the franc weakened sharply against the D-Mark to touch a 15-month low. The CAC-40 index declined 26.90 or 1.4 per cent to 1,835.00, off a low of 1,825, in turnover estimated at FF37.7m.

Brokers also reported that worries had emerged about the outcome of the forthcoming presidential election, after an opinion poll showed that Mr. Edouard Balladur's lead had been whittled away by the socialist candidate.

Bancare, one of the few CAC stocks to move against the trend, put on FF4.40 or 1.8 per cent to FF198.50. Mr. James Styrud, bank analyst at W.L. Hams de Broe in London, commented ahead of today's analysts' meeting that the results, above expectations, appeared to have been assisted by extraordinary fourth-quarter gains from the parent company, as well as its own capital market activities. In addition, he said, losses at its property development unit were not as bad as had been feared. Paris shipped FF4.10 to FF232.

FRANKFURT took profits, with the Dax index falling 19.32 to 2,115.72. A weak dollar helped the Dax index close at 2,115.06 after a low of 2,107.00. Turnover rose from DM7.7m to DM9.2m.

Talk of a metal industry strike weakened carnemarkers and engineers, Volkswagen losing DM8.60 at DM410.40 and Thyssen DM6.20 at DM397.80. Hoechst shed DM5 to DM330 after reports that it planned to pay DM200 or more for a 51 per cent stake in the US Dow Chemical unit, Marion Merrell Dow, within the next month.

RWE, the utility group, rose against the trend, closing DM2 higher at DM462.50 after Wednesday's half-year profits growth. SAP, the computer software giant, rose 1.4 per cent to DM14.08 on analyst appreciation of its prospects.

MILAN fell 2.2 per cent as

FT-SE Actuaries Share Indices

Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9
FT-SE Actuaries 100	1342.72	1342.15	1341.75	1339.00	1331.25	1322.51	1305.00
FT-SE Actuaries 200	1265.10	1263.95	1263.48	1260.97	1254.02	1245.11	1235.58

budget worries drove the lira to fresh record lows against the D-Mark and subsequent Bank of Italy intervention to support the currency provoked concern that it might also decide to raise interest rates. The Comit index fell 14.92 to 658.05, while the real-time Mibtel index finished 226 down at 10,476.

Banks were unsettled further by worries that the midday get might include a one-off tax on their reserves. Credit Italiano declined 1.24 to LI.948 and BCI dropped 1.78 to LI.805. Among insurers, which might also be affected, Generali lost 1.813 at LI.868 and Allianz LI.85 at LI.725.

Telecom Italia fell LI.19 to LI.427, and Stet LI.12 to LI.459. In the state holding company, approved procedures for choosing banks and invest-

FT-SE Actuaries Share Indices

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ment houses to co-ordinate the sale of its 61.3 per cent stake. ZURICH retreated on the dollar and fears of a setback on Wall Street. The SMI index shed 15.0 to 2,821.0.

SMH bearers turned back, losing SF2.1 or 3.1 per cent to SF764 in response to the watchmaker's announcement late on Wednesday of a 29.5 per cent slide in consolidated net income last year. Its first profit decline in a decade, and plans to cut the 1994 dividend.

The shares had risen by 15.7 per cent from their 12-month low in December, collecting a number of analysts' recommendations on the way.

Georg Fischer gained SF40 at SF71.45 after the company revised upwards its profits forecast for 1994.

AMSTERDAM saw the AEX index lose 3.13 to 410.09.

Written and edited by William Cochrane, John Pitt and Michael Morgan

Profit-taking leads US stocks down

Wall Street

US shares proved unable to sustain Wednesday's record highs yesterday morning in spite of data giving further indications that the economy was slowing, writes Lisa Brannen in New York.

At 1 pm the Dow Jones Industrial Average was off 5.38 at 3,980.73, down from Wednesday's record close, but still above the previous high of 3,978.38 set on January 31 of last year. The Standard & Poor's 500 lost 0.55 at 433.99.

The American SE composite declined 1.16 to 449.19 and the Nasdaq composite fell 3.58 to 792.05. Trading volume on the NYSE came to 202m shares.

Wednesday's market surged

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